



BAIRD

Global Investment
Banking

**BAIRD'S PERSPECTIVE ON THE
GLOBAL M&A ENVIRONMENT**

Global M&A Quarterly

July 2023

TABLE OF CONTENTS

| | |
|---|----|
| Baird's Global M&A Team | 1 |
| Global M&A Commentary and Deal Statistics | 2 |
| U.S. M&A Commentary and Deal Statistics | 7 |
| Europe M&A Commentary and Deal Statistics | 12 |
| U.K. Cross-Border M&A Activity | 16 |
| Germany Cross-Border M&A Activity | 17 |
| Asia Commentary and Deal Statistics | 18 |
| China M&A Activity and Deal Statistics | 19 |
| India M&A Activity and Deal Statistics | 21 |
| Japan M&A Activity | 23 |
| Recent Baird M&A Transactions | 24 |

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Baird's M&A Market Perspectives

- M&A market participants are entering H2 2023 searching for signs of improvement in transaction activity after difficult conditions such as higher financing costs and disparate views on valuation resulted in fewer closed transactions during H1 2023.
- Based on signs of progress in market conditions and in our current processes, we see potential for global M&A activity to rebound during H2 2023 pending more clarity on the economic outlook, as strategics and sponsors are increasingly finding ways to get deals signed despite market challenges.
- The trajectory of deal activity remains subject to many variables, including central bank monetary policies. While further near-term tightening is expected, focus should shift toward anticipated policy easing in subsequent periods pending economic data during H2 2023. Historical analysis showing that past Fed rate cuts have helped support M&A activity is discussed further [here](#).

Recent Dynamics:

- While buyer appetite remains strong for “top quartile” assets, M&A activity was weak through Q2, reflecting the impact of economic uncertainty as well as higher financing costs and the related challenges of reaching agreements on suitable target valuations. However, recent processes indicate that the value expectations of sellers and buyers may be increasingly converging.
- Although far costlier than a year ago, financing remains available at the levels needed for M&A markets to be more active, with the credit market volatility experienced earlier in the year potentially in the rear view mirror.
- Due to lingering differences in valuation perspectives between buyers and sellers, market participants are exploring creative solutions such as contingent consideration, rollover stakes, structured equity, and seller financing to mitigate funding gaps.

Financial Sponsor Fundamentals:

- In H1 2023, the number of sponsor acquisitions fell 31% vs. H1 2022, while sponsor purchase deal value decreased 57%, with this disparity indicating greater focus on add-on deals amid increased risk aversion as well as challenges in financing larger LBOs.
- Among a generally cautious and selective approach from sponsor buyers, we have observed broader demand for lower middle market assets (\$10-50 million of EBITDA) versus larger-cap platforms due to financing availability and risk considerations.
- PE firms have demonstrated an increased appetite for sponsor partnerships and minority investments, with significant transaction activity continuing in these segments in the first half of 2023.
- The sponsor M&A exit count fell 43% in H1 2023 amid the weaker financing and valuation backdrop. Given the selling slowdown since mid-2022, a large backlog of targets is waiting to enter the market when macro visibility and financing dynamics improve, as the number of companies owned by a U.S. sponsor after a 4-6 year hold period exceeds the year-end 2019 figure by 30%+.
- Sponsors need to drive liquidity events, as LPs are increasingly looking for a return of capital, encouraging some private equity firms to explore transactions for thriving portfolio companies in a market where the supply of top-tier opportunities is limited.

Strategic Buyer Considerations:

- The 16% year-over-year decline for corporate acquisitions in H1 2023 largely reflected the valuation gap and lower leverage capacity. However, reported deal value for strategic acquisitions in H1 2023 was nearly 10% above the H2 2022 figure, highlighting the successful pursuit of larger assets by corporates given less competition from sponsor buyers.
- M&A appetites remain healthy among many strategic buyers, which are still in deployment mode given cash on the balance sheet (approaching \$2 trillion for U.S. listed, non-financial companies) and slow organic growth.
- Our H1 2023 sellside activity included a higher proportion of narrow outreaches oriented toward strategic buyers; we expect the second half of 2023 to continue to represent an opportunity for corporates to approach high-priority targets, albeit with sponsors possibly becoming more aggressive buyers than over the prior 6-12 months.
- Although macro uncertainty may continue through the second half of the year, positive economic updates relative to low expectations could cause more corporates to execute on planned strategic M&A activity.

M&A Market Outlook

- Recent data room activity suggests that while the process backlog is building, the M&A deal count in Q3 is likely to remain below year-ago levels, as detailed in the text and graphic in the lower part of the following page.
- While macroeconomic clarity will be a key catalyst for an increase in M&A activity, we see potential for the global M&A market to strengthen before year-end as more market participants become proficient at transacting in the current backdrop.
- Increased activity in our process pipeline also provides us a growing degree of optimism in an M&A rebound. Higher process launch velocity suggests a growing number of sellers are choosing to enter the market following a long hold-out period.

Global M&A Market Data

- The Q2 deal count declined 25% to 4,701, which was 12% below the Q1 total.
- While Q2 deal value was down 34% year over year, the \$639 billion total exceeded the Q1 level by 40% and was the highest quarterly deal value since Q2 2022.
- In the first half of 2023, the number of transactions decreased 23%, and deal value contracted 41%.
- In the \$100 million to \$1 billion segment, the H1 2023 deal count was down 40% and dollar value dropped 38%.
- On a regional basis:
 - The U.S. M&A deal count and deal value for Q2 both decreased 25% relative to Q2 2022 figures.
 - Q2 metrics for Europe's M&A market were similar to the U.S.: deal total -24% and deal value -30%.
 - In Asia, outbound deal activity for both Japan and China was meaningfully lower in H1 2023.

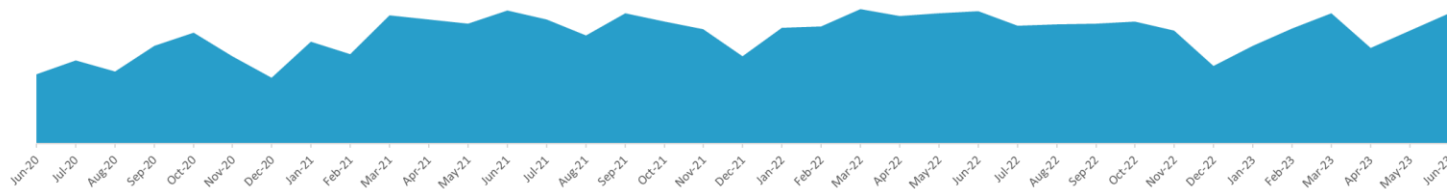
Leveraged Finance Market Updates

- While the public markets retained a largely risk-off tone amid modest improvement, the leveraged finance markets remained accessible in Q2, led again by private credit activity.
- Positive fundamentals for direct lenders include a solid pace of transactions in Q2, the increased prominence of junior capital, and substantial dry powder across fund types.
- Direct lenders remain highly selective in their pursuit of opportunities, creating a highly bifurcated market with cyclicity concerns high on the decline list and with incumbent lenders key in determining debt capacity for new financial sponsor deals.
- Global syndicated loan issuance in Q2 posted a three-quarter high, led by a slight rebound in the U.S., as Europe's volume was the second lowest in the last 10 years.
- Refinancings and amend-and-extend deals continue to dominate loan activity, with limited new LBO financing in the market as a result of the M&A downturn amid differing valuation perspectives and the rising cost of debt.
- High yield issuance in Q2 reached a six-quarter high in both the U.S. and Europe, although issuance trailed the quarterly mean of 2017-2021 by 35%.
- Higher base rates in conjunction with central bank rate hikes have resulted in much higher debt funding costs, with further increases projected in the near term; for public loans, new issue pricing in H1 2023 averaged 9-10%+ vs. 5-6% in H1 2022.
- Across markets during H1 2023, rising interest rates hindered free cash flow and fixed charge coverage ratios, with resultant declines in maximum supportable leverage levels.
- Over the second half of the year, direct lenders and banks are unlikely to stretch on credit quality in order to deploy capital, likely leading to a highly competitive environment around attractive credits.

Datasite Deal Room Data

- Based on information from data room provider Datasite, we estimate the number of sellside project kickoffs (precursors to process launches) fell an average of 13% year over year during Q2. Given the usual cycle time for sellside processes, this implies continued decreases for deal announcements in Q3, although possibly at a reduced rate of contraction relative to H1 2023.
- The Q2 kickoff count was in line with Q1 figure, whereas the Q2 M&A announcements total declined sequentially from Q1. This contrast indicates a building backlog of processes ready to turn into actively marketed engagements when conditions improve.

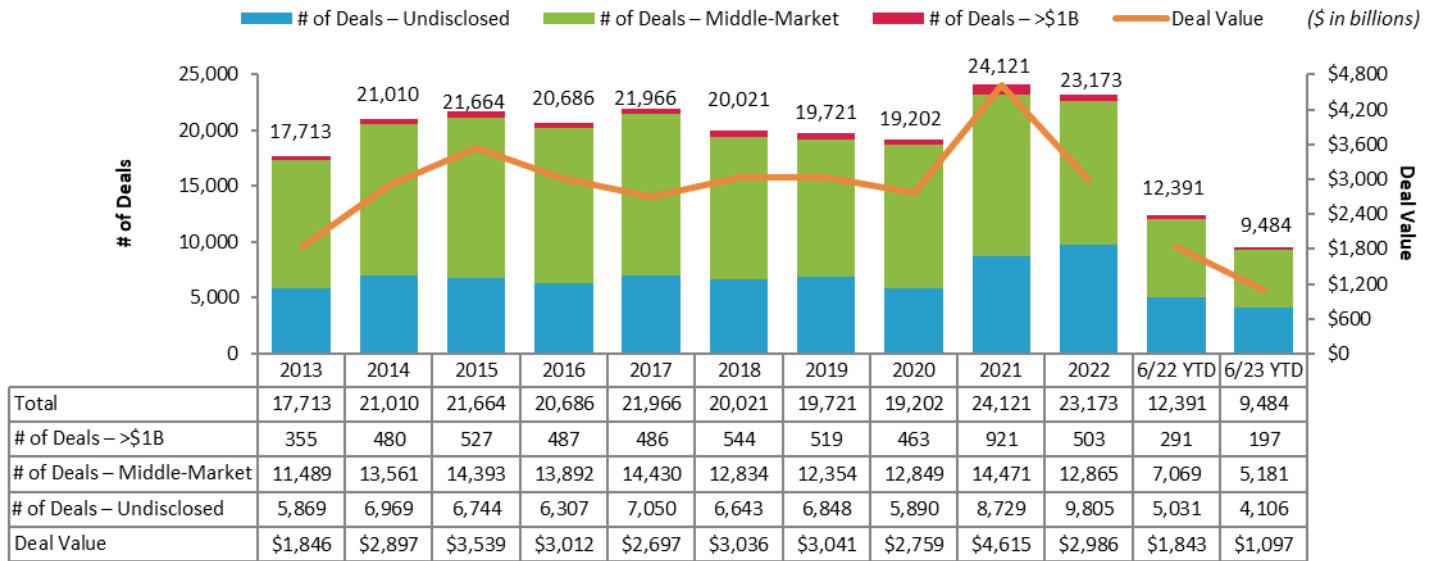
Global M&A Deal Kickoffs



Source: Datasite. Monthly figures represent approximations of the number of sellside data rooms created on the Datasite platform in each period.

Global M&A Activity

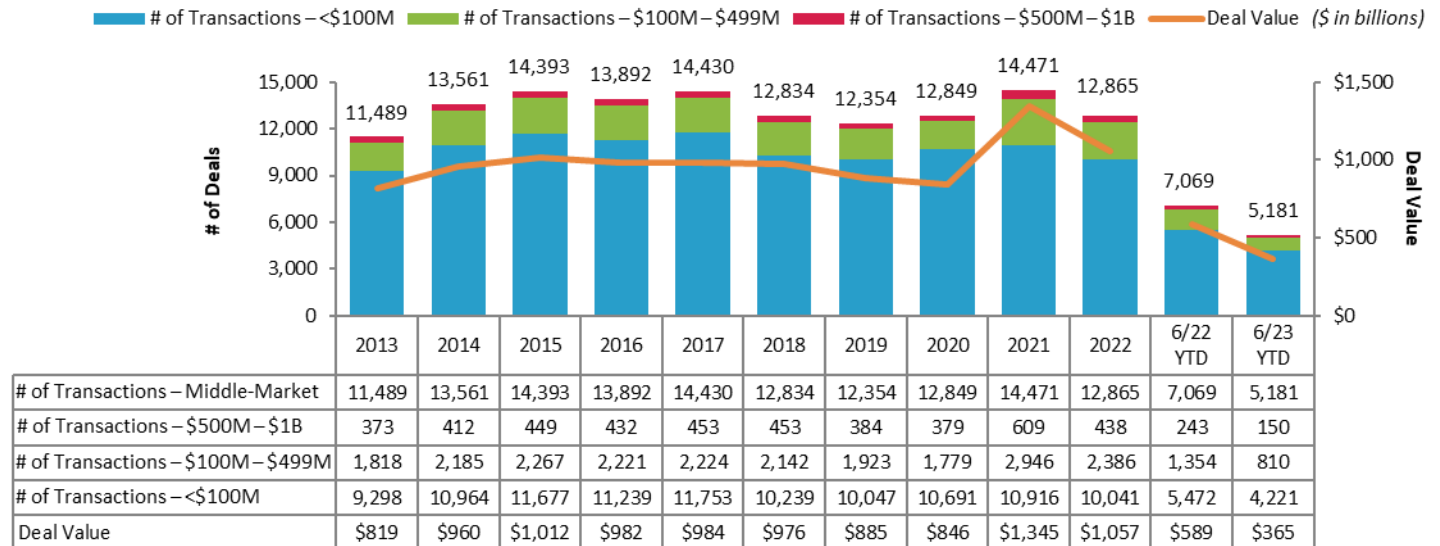
Global M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.

Note: Middle-market transactions defined as those with a disclosed value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Global Middle-Market M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.

Note: Middle-market transactions defined as those with a disclosed value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Global M&A Deal Statistics

| (\$ in millions) | Number of Deals – Q2 | | | Deal Value – Q2 | | |
|--------------------------|----------------------|--------------|----------------|------------------|------------------|----------------|
| | 2022 | 2023 | % Change | 2022 | 2023 | % Change |
| North America | 2,163 | 1,656 | (23.4%) | \$487,287 | \$406,612 | (16.6%) |
| – U.S. | 1,962 | 1,479 | (24.6%) | \$467,207 | \$349,007 | (25.3%) |
| Central / South America | 275 | 158 | (42.5%) | \$18,179 | \$17,941 | (1.3%) |
| Europe | 2,658 | 2,008 | (24.5%) | \$293,688 | \$204,797 | (30.3%) |
| – U.K. | 583 | 505 | (13.4%) | \$75,566 | \$37,462 | (50.4%) |
| – Germany | 356 | 271 | (23.9%) | \$26,877 | \$30,673 | 14.1% |
| Africa / Middle East | 242 | 153 | (36.8%) | \$23,022 | \$24,931 | 8.3% |
| Asia-Pacific (ex. Japan) | 1,092 | 805 | (26.3%) | \$210,712 | \$89,952 | (57.3%) |
| – China | 485 | 425 | (12.4%) | \$69,085 | \$67,930 | (1.7%) |
| – India | 247 | 157 | (36.4%) | \$98,417 | \$9,870 | (90.0%) |
| Japan | 431 | 346 | (19.7%) | \$32,790 | \$34,299 | 4.6% |
| Global Total | 5,916 | 4,439 | (25.0%) | \$968,387 | \$639,132 | (34.0%) |

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Notes: Global Total will not equal the sum of the individual regions listed above, as cross-border transactions are reflected in both the target's and acquiror's respective regions.

Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Historical M&A data is subject to revision, particularly as additional deals from past periods enter the M&A database.

| (\$ in millions) | Number of Deals – YTD | | | Deal Value – YTD | | |
|--------------------------|-----------------------|--------------|----------------|--------------------|--------------------|----------------|
| | 2022 | 2023 | % Change | 2022 | 2023 | % Change |
| North America | 4,658 | 3,588 | (23.0%) | \$981,996 | \$704,372 | (28.3%) |
| – U.S. | 4,239 | 3,232 | (23.8%) | \$938,645 | \$634,944 | (32.4%) |
| Central / South America | 549 | 343 | (37.5%) | \$35,279 | \$22,969 | (34.9%) |
| Europe | 5,472 | 4,288 | (21.6%) | \$529,414 | \$302,223 | (42.9%) |
| – U.K. | 1,261 | 1,036 | (17.8%) | \$133,660 | \$62,733 | (53.1%) |
| – Germany | 824 | 603 | (26.8%) | \$46,404 | \$42,645 | (8.1%) |
| Africa / Middle East | 529 | 351 | (33.6%) | \$50,349 | \$34,030 | (32.4%) |
| Asia-Pacific (ex. Japan) | 2,228 | 1,676 | (24.8%) | \$382,439 | \$151,862 | (60.3%) |
| – China | 1,023 | 819 | (19.9%) | \$177,691 | \$105,092 | (40.9%) |
| – India | 494 | 339 | (31.4%) | \$116,554 | \$18,590 | (84.1%) |
| Japan | 904 | 770 | (14.8%) | \$61,012 | \$64,496 | 5.7% |
| Global Total | 12,391 | 9,484 | (23.5%) | \$1,843,329 | \$1,096,769 | (40.5%) |

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.

Notes: Global Total will not equal the sum of the individual regions listed above, as cross-border transactions are reflected in both the target's and acquiror's respective regions.

Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Historical M&A data is subject to revision, particularly as additional deals from past periods enter the M&A database.

Global Middle-Market M&A Deal Statistics

| (\$ in millions) | Number of Deals – Q2 | | | Deal Value – Q2 | | |
|--------------------------|----------------------|--------------|----------------|------------------|------------------|----------------|
| | 2022 | 2023 | % Change | 2022 | 2023 | % Change |
| North America | 1,186 | 874 | (26.3%) | \$131,349 | \$85,777 | (34.7%) |
| – U.S. | 1,074 | 770 | (28.3%) | \$122,688 | \$75,604 | (38.4%) |
| Central / South America | 141 | 66 | (53.2%) | \$8,927 | \$3,507 | (60.7%) |
| Europe | 937 | 753 | (19.6%) | \$93,428 | \$63,561 | (32.0%) |
| – U.K. | 245 | 246 | 0.4% | \$29,357 | \$19,463 | (33.7%) |
| – Germany | 97 | 75 | (22.7%) | \$10,595 | \$7,297 | (31.1%) |
| Africa / Middle East | 162 | 93 | (42.6%) | \$15,140 | \$8,237 | (45.6%) |
| Asia-Pacific (ex. Japan) | 885 | 663 | (25.1%) | \$69,599 | \$44,959 | (35.4%) |
| – China | 429 | 386 | (10.0%) | \$36,513 | \$26,348 | (27.8%) |
| – India | 192 | 109 | (43.2%) | \$10,466 | \$7,459 | (28.7%) |
| Japan | 328 | 254 | (22.6%) | \$13,073 | \$10,433 | (20.2%) |
| Global Total | 3,362 | 2,531 | (24.7%) | \$288,098 | \$189,618 | (34.2%) |

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Notes: Global Total will not equal the sum of the individual regions listed above, as cross-border transactions are reflected in both the target's and acquiror's respective regions.

Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Historical M&A data is subject to revision, particularly as additional deals from past periods enter the M&A database.

| (\$ in millions) | Number of Deals – YTD | | | Deal Value – YTD | | |
|--------------------------|-----------------------|--------------|----------------|------------------|------------------|----------------|
| | 2022 | 2023 | % Change | 2022 | 2023 | % Change |
| North America | 2,575 | 1,844 | (28.4%) | \$279,245 | \$167,424 | (40.0%) |
| – U.S. | 2,329 | 1,637 | (29.7%) | \$257,658 | \$149,039 | (42.2%) |
| Central / South America | 312 | 143 | (54.2%) | \$18,323 | \$8,536 | (53.4%) |
| Europe | 1,946 | 1,493 | (23.3%) | \$181,728 | \$115,019 | (36.7%) |
| – U.K. | 573 | 482 | (15.9%) | \$57,792 | \$38,626 | (33.2%) |
| – Germany | 216 | 148 | (31.5%) | \$22,872 | \$15,025 | (34.3%) |
| Africa / Middle East | 356 | 195 | (45.2%) | \$29,903 | \$15,088 | (49.5%) |
| Asia-Pacific (ex. Japan) | 1,804 | 1,320 | (26.8%) | \$139,739 | \$89,023 | (36.3%) |
| – China | 904 | 723 | (20.0%) | \$74,744 | \$48,631 | (34.9%) |
| – India | 373 | 245 | (34.3%) | \$20,481 | \$16,179 | (21.0%) |
| Japan | 676 | 567 | (16.1%) | \$29,425 | \$21,600 | (26.6%) |
| Global Total | 7,069 | 5,181 | (26.7%) | \$589,251 | \$365,443 | (38.0%) |

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.

Notes: Global Total will not equal the sum of the individual regions listed above, as cross-border transactions are reflected in both the target's and acquiror's respective regions.

Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Historical M&A data is subject to revision, particularly as additional deals from past periods enter the M&A database.

U.S. M&A Market Data

- In Q2 2023, the preliminary deal count declined 25%, and dollar value dropped 25% to \$349 billion.
- The M&A transaction total for Q2 was 16% below the Q1 level, while Q2 deal value increased from the Q1 total by 28%.
- H1 2023 M&A metrics: number of deals -24% and disclosed deal value -32%.
- The billion-dollar-plus transaction count averaged 58 per quarter in H1 2023, below the quarterly mean of 62 in 2022 and the average of 68 per quarter in 2016-2020, with 2021 representing a record year at 144 per quarter.
- The middle market registered lower metrics during Q2, as the number of deals declined 28% and deal value fell 38%. Within the \$100 million to \$1 billion segment of the middle market, transaction count and deal value both decreased nearly 40%.

Economic Updates

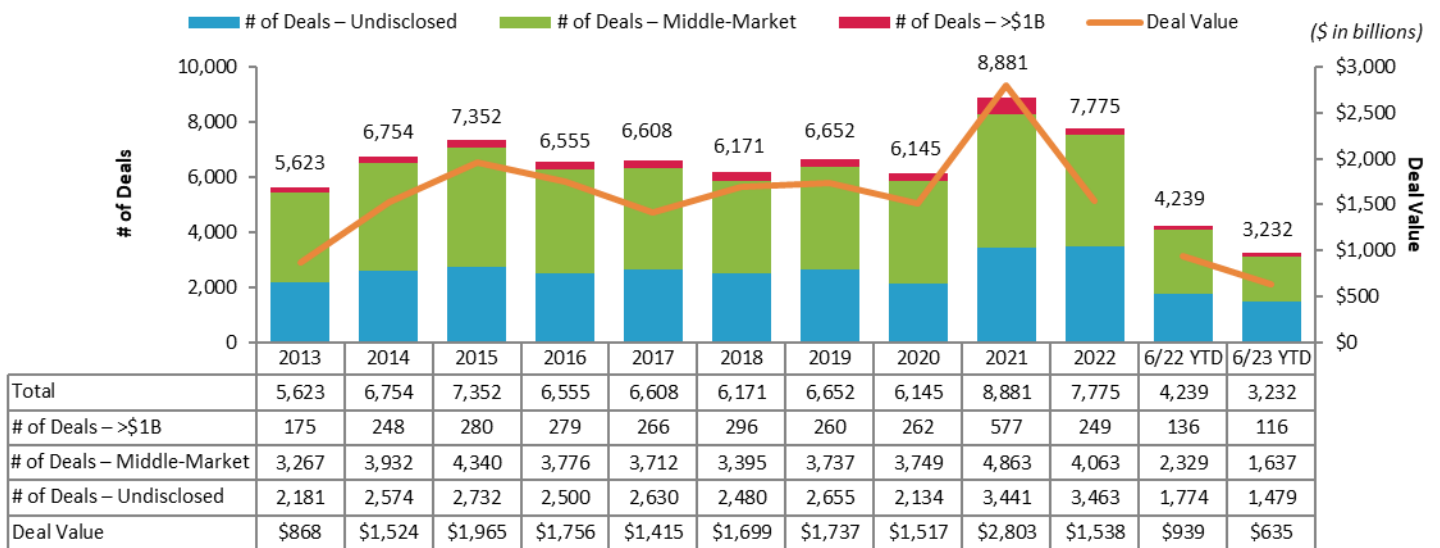
- Although the average monthly services index reading of the Institute for Supply Management (ISM) dipped from Q1 to Q2, the June index value improved meaningfully from April-May levels, boosted by stronger new orders and exports.
- The ISM's manufacturing index extended the trend of contraction to eight months through the end of Q2, with the June reading representing the lowest index value since May 2020.
- While the number of payroll additions in Q2 was the lowest since Q4 2020, the preliminary total of 1.6+ million jobs added in H1 2023 exceeded the first-half totals of every year from 1998 to 2020.
- Weekly jobless claims increased further during Q2, including June readings at the highest levels since October 2021, signaling progress toward the Fed's goal of the U.S. labor market loosening in conjunction with efforts to reduce inflation.
- The rate of U.S. CPI growth declined for 12 consecutive months through June, when the 3.0% increase represented the lowest rate since March 2021.
- Q2 GDP growth forecasts reflect expansion similar to the 2.0% rate posted in Q1; the latest Atlanta Fed GDPNow projection for Q2 calls for expansion of 2.4%. While the U.S. economy generated growth in H1 2023, fears of a potential recession due to the long lag effects of Fed policy tightening have dampened M&A activity. Macro research provider Strategas (a Baird company since 2018) currently projects meager U.S. GDP growth through H1 2024 while forecasting two quarters of negative real GDP comparisons: -0.5% in Q4 2023 and -1.5% in Q1 2024.

Leveraged Finance Market Updates

- Heading into the second half of 2023, U.S. leveraged financing activity remains constrained by tighter credit standards and the high cost of debt capital in the public and private markets.
- The private credit markets continue to be active, with the level of direct lending transactions in Q2 2023 near the Q1 2023 total but moderately below the quarterly average of 2022. The deal mix remained focused on add-ons, which represented 64% of transactions in Q1-Q2 2023, up from 58% in 2022.
- The proportion of direct lender transactions to support LBOs in Q1-Q2 (23%) was lower than in 2022 (28%). Nevertheless, jumbo loan capacity has expanded to \$5-7 billion according to market participants, up from under \$3 billion in early 2023.
- Despite the pause in Fed rate hikes in June, market participants expect SOFR to top in October. Even so, our recent conversations with direct lenders suggest pricing has become a bit more borrower friendly.
- Many direct lenders have shifted their mindset to a focus on profitability versus loan growth due to increased stress among existing credits, particularly those that borrowed in the low-rate environment of 2021. Accordingly, lenders are scrutinizing the potential impact of further Fed rate increases on the free cash flow of borrowers.
- In the public markets, Q2 leveraged loan issuance was modestly above the levels of each of the previous two quarters, with new loans still centered on refinancings and amend-and-extend transactions, which represented 74% of H1 2023 institutional loan volume. Expectations that M&A financings will remain well under historical levels factored into a recent projection for 2023 issuance of \$300 billion (roughly twice the H1 2023 total), far under the \$545 billion average of the prior 10 years.
- Signs of resilience in the U.S. high yield market included a six-quarter high for volume in Q2, the lowest spreads since last spring, and firming for secondary pricing. Despite issuance rebounding from last year's 14-year low, a recent forecast for 2023 volume of \$200 billion (doubling the first-half figure) suggests full-year issuance well below the 2012-2021 average of \$309 billion.
- Recent pricing has largely stabilized at elevated levels; for leveraged loans and high yield bonds, Q2 pricing averaged within 10 bps of the mean yields from the prior two quarters.

U.S. M&A Activity

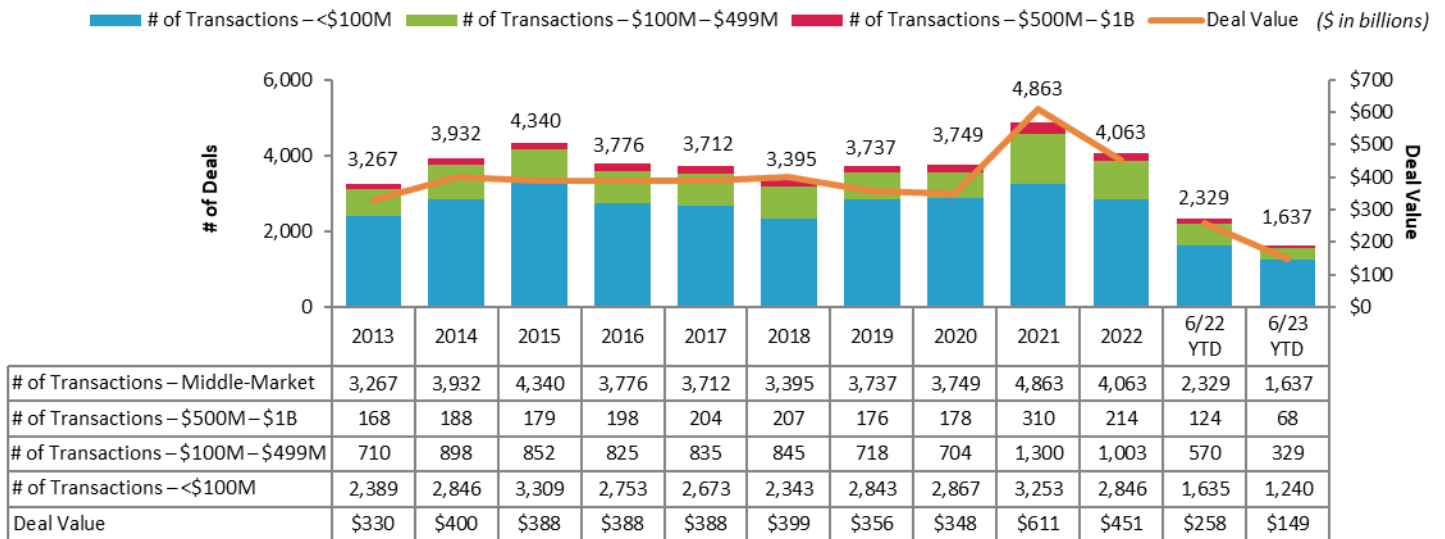
U.S. M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.

Note: Middle-market transactions defined as those with a disclosed value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.S. Middle-Market M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.

Note: Middle-market transactions defined as those with a disclosed value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.S. Middle-Market M&A Deal Statistics

| Number of Deals | | | | Deal Value | | | |
|----------------------------|--------------|--------------|----------------|----------------------------|--------------------|--------------------|----------------|
| | 2022 | 2023 | % Change | (\$ in millions) | 2022 | 2023 | % Change |
| Q2 | | | | Q2 | | | |
| <\$100M | 749 | 574 | (23.4%) | <\$100M | \$25,375 | \$15,971 | (37.1%) |
| \$100M-\$499M | 262 | 157 | (40.1%) | \$100M-\$499M | \$56,160 | \$33,400 | (40.5%) |
| \$500M-\$1,000M | 63 | 39 | (38.1%) | \$500M-\$1,000M | \$41,152 | \$26,233 | (36.3%) |
| Total Middle Market | 1,074 | 770 | (28.3%) | Total Middle Market | \$122,688 | \$75,604 | (38.4%) |
| LTM Quarterly Average | 1,175 | 843 | (28.3%) | LTM Quarterly Average | \$141,736 | \$85,694 | (39.5%) |
| >\$1,000M | 58 | 68 | 17.2% | >\$1,000M | \$344,520 | \$273,403 | (20.6%) |
| Undisclosed | 830 | 641 | (22.8%) | Undisclosed | ** | ** | ** |
| Total | 1,962 | 1,479 | (24.6%) | Total | \$467,207 | \$349,007 | (25.3%) |
| LTM Quarterly Average | 2,198 | 1,692 | (23.0%) | LTM Quarterly Average | \$558,474 | \$308,636 | (44.7%) |
| YTD | | | | YTD | | | |
| <\$100M | 1,635 | 1,240 | (24.2%) | <\$100M | \$54,492 | \$33,841 | (37.9%) |
| \$100M-\$499M | 570 | 329 | (42.3%) | \$100M-\$499M | \$118,503 | \$68,656 | (42.1%) |
| \$500M-\$1,000M | 124 | 68 | (45.2%) | \$500M-\$1,000M | \$84,662 | \$46,542 | (45.0%) |
| Total Middle Market | 2,329 | 1,637 | (29.7%) | Total Middle Market | \$257,658 | \$149,039 | (42.2%) |
| >\$1,000M | 136 | 116 | (14.7%) | >\$1,000M | \$680,987 | \$485,905 | (28.6%) |
| Undisclosed | 1,774 | 1,479 | (16.6%) | Undisclosed | ** | ** | ** |
| Total | 4,239 | 3,232 | (23.8%) | Total | \$938,645 | \$634,944 | (32.4%) |
| LTM | | | | LTM | | | |
| <\$100M | 3,205 | 2,451 | (23.5%) | <\$100M | \$106,823 | \$71,892 | (32.7%) |
| \$100M-\$499M | 1,206 | 762 | (36.8%) | \$100M-\$499M | \$261,519 | \$163,954 | (37.3%) |
| \$500M-\$1,000M | 289 | 158 | (45.3%) | \$500M-\$1,000M | \$198,603 | \$106,930 | (46.2%) |
| Total Middle Market | 4,700 | 3,371 | (28.3%) | Total Middle Market | \$566,945 | \$342,776 | (39.5%) |
| >\$1,000M | 411 | 229 | (44.3%) | >\$1,000M | \$1,666,950 | \$891,770 | (46.5%) |
| Undisclosed | 3,679 | 3,168 | (13.9%) | Undisclosed | ** | ** | ** |
| Total | 8,790 | 6,768 | (23.0%) | Total | \$2,233,895 | \$1,234,546 | (44.7%) |

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD and LTM as of June 30.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.S. Middle-Market Enterprise Value to Median EBITDA, EBIT, and Revenue Multiples

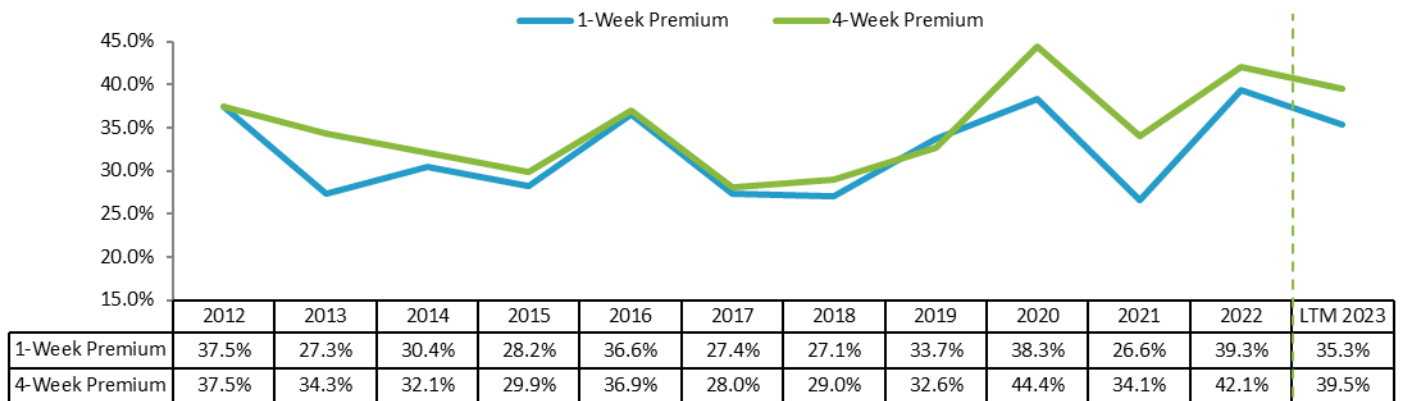
| Transaction Size | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | LTM 2023 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| EV/EBITDA | | | | | | | | | | | |
| <\$100M | 6.8x | 8.1x | 6.9x | 7.4x | 7.1x | 8.0x | 7.6x | 8.5x | 7.1x | 6.6x | 5.6x |
| \$100M-\$499M | 9.5x | 9.9x | 10.2x | 10.0x | 9.9x | 9.1x | 11.2x | 9.5x | 10.2x | 8.5x | 9.7x |
| \$500M-\$1B | 8.4x | 9.9x | 10.7x | 11.3x | 11.5x | 10.2x | 11.0x | 10.0x | 11.5x | 12.9x | 10.5x |
| Middle-Market | 8.4x | 9.2x | 8.6x | 9.2x | 9.4x | 9.0x | 10.1x | 9.3x | 8.8x | 8.1x | 7.6x |
| EV/EBIT | | | | | | | | | | | |
| <\$100M | 12.5x | 11.4x | 10.6x | 10.8x | 9.5x | 12.3x | 10.3x | 10.6x | 10.0x | 6.0x | 7.8x |
| \$100M-\$499M | 13.7x | 13.1x | 12.2x | 12.1x | 16.1x | 13.2x | 13.9x | 13.5x | 14.4x | 14.5x | 12.8x |
| \$500M-\$1B | 13.6x | 13.0x | 16.9x | 13.5x | 20.0x | 14.3x | 15.8x | 18.8x | 20.6x | 19.7x | 18.1x |
| Middle-Market | 12.5x | 12.5x | 11.6x | 11.7x | 13.2x | 13.3x | 12.8x | 13.5x | 12.1x | 12.2x | 11.7x |
| EV/Revenue | | | | | | | | | | | |
| <\$100M | 0.83x | 0.88x | 1.01x | 1.04x | 1.07x | 1.04x | 0.96x | 0.91x | 1.17x | 1.00x | 1.00x |
| \$100M-\$499M | 1.43x | 1.40x | 1.51x | 1.44x | 1.33x | 1.52x | 1.67x | 1.75x | 1.64x | 1.18x | 1.39x |
| \$500M-\$1B | 1.36x | 1.59x | 1.73x | 1.95x | 1.81x | 1.50x | 1.78x | 1.60x | 1.62x | 2.36x | 1.59x |
| Middle-Market | 1.01x | 1.10x | 1.14x | 1.18x | 1.25x | 1.20x | 1.14x | 1.14x | 1.33x | 1.06x | 1.12x |

Source: Capital IQ and Robert W. Baird & Co. Incorporated M&A Market Analysis. Median multiples are calculated using deals for which meaningful data is available.

LTM as of June 30. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

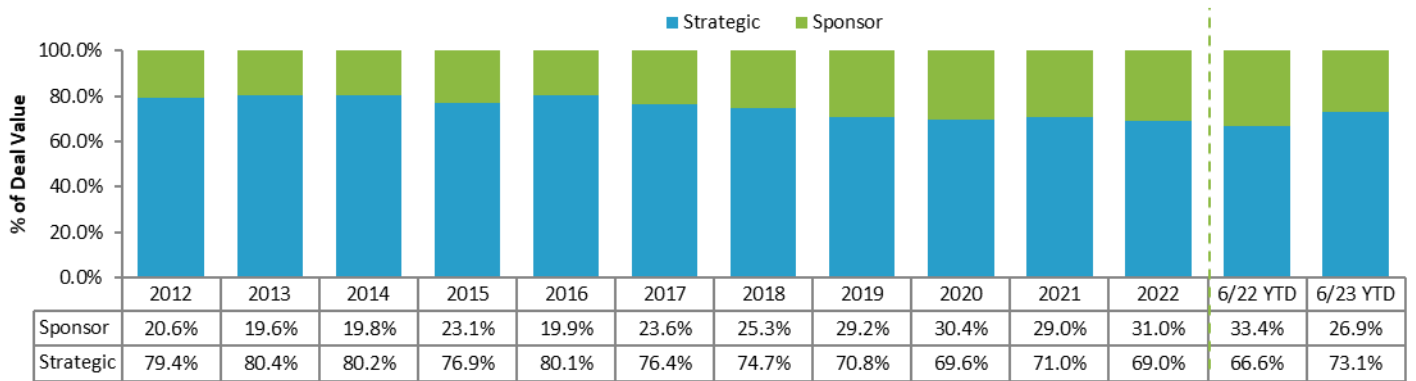
U.S. Middle-Market M&A Deal Statistics

U.S. Middle-Market Median Acquisition Premiums



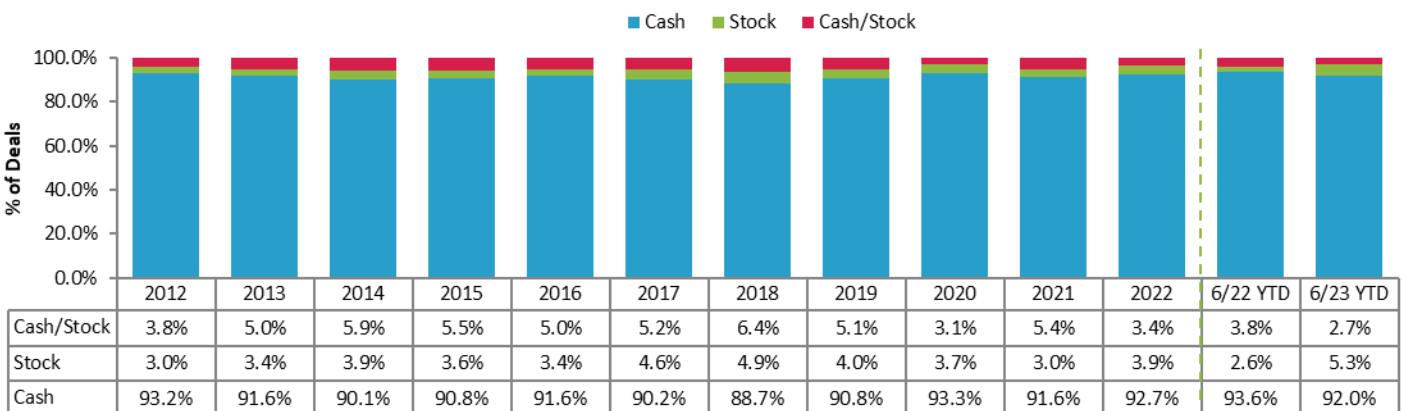
Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of June 30.
 Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.S. Middle-Market Transaction Composition – Strategic vs. Sponsor Deal Value



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.
 Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

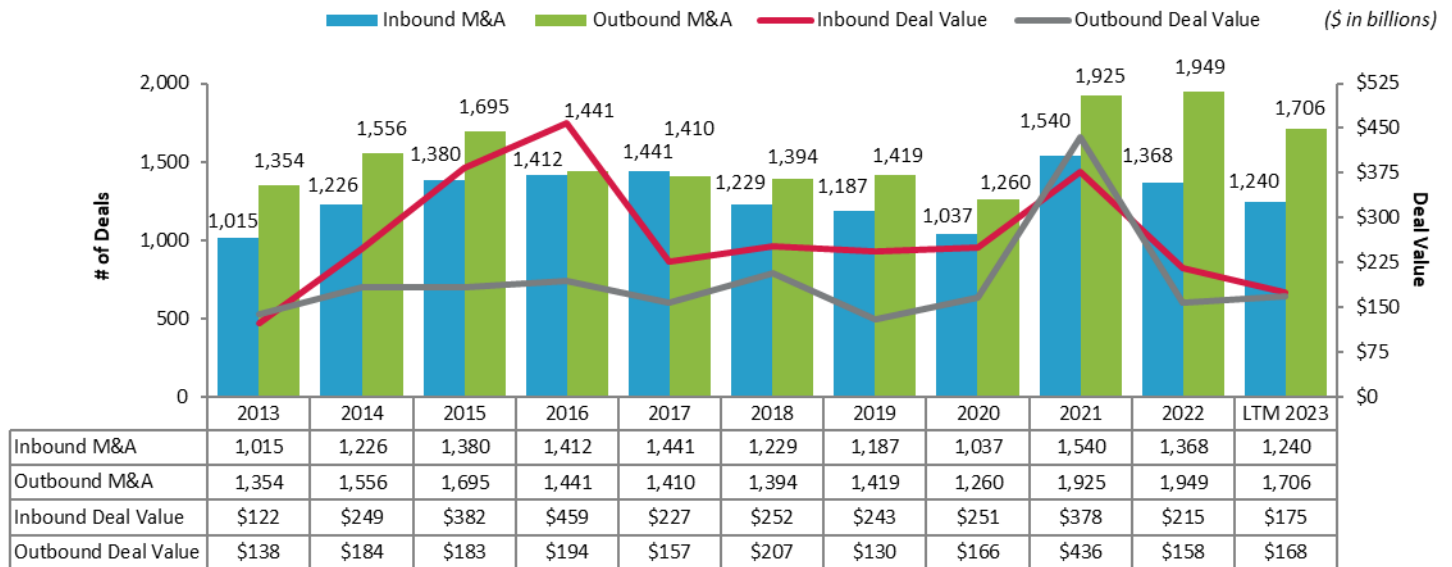
U.S. Middle-Market M&A Payment Method by Number of Deals



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.
 Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.S. M&A Dollar Volume Analysis

U.S. – Inbound and Outbound M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of June 30.

Note: Inbound M&A represents U.S. target/non-U.S. acquirer; Outbound M&A represents non-U.S. target/U.S. acquirer. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

| Top 10 U.S. Target Industries Acquired by Non-U.S. Companies – YTD | | Top 10 Non-U.S. Acquirors of U.S. Targets – YTD | | Top 10 Non-U.S. Target Industries Acquired by U.S. Companies – YTD | |
|--|------------|---|------------|--|------------|
| Industry | # of Deals | Country | # of Deals | Industry | # of Deals |
| 1. Technology | 190 | 1. Canada | 143 | 1. Technology | 301 |
| 2. Healthcare | 78 | 2. United Kingdom | 89 | 2. Professional Services | 130 |
| 3. Professional Services | 64 | 3. Japan | 57 | 3. Healthcare | 69 |
| 4. Construction/Building | 32 | 4. France | 35 | 4. Finance | 47 |
| 5. Utility & Energy | 29 | 5. Germany | 27 | 5. Insurance | 31 |
| 6. Finance | 27 | 5. South Korea | 27 | 6. Machinery | 25 |
| 6. Machinery | 27 | 7. Australia | 26 | 7. Construction/Building | 22 |
| 8. Chemicals | 21 | 8. Sweden | 20 | 8. Leisure & Recreation | 21 |
| 9. Transportation | 20 | 9. India | 19 | 9. Auto/Truck | 19 |
| 10. Food & Beverage | 14 | 9. Israel | 19 | 9. Transportation | 19 |

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Europe M&A Commentary

Europe M&A Market Data

- In Q2 2023, the deal count in Europe's M&A market was 24% below the year-ago level, and reported deal value declined 30%.
- The number of M&A transactions announced in Q2 was 12% lower than the Q1 figure, whereas Q2's dollar value more than doubled (+110%) from the Q1 total in reaching a four-quarter high.
- During H1 2023, the deal total for Europe decreased 22%, and deal value contracted 43%.
- In Europe's middle market, the H1 2023 transaction total declined 23%, and deal value fell 37%. M&A activity was slower in the \$100 million to \$1 billion segment, where the number of deals decreased 42%.

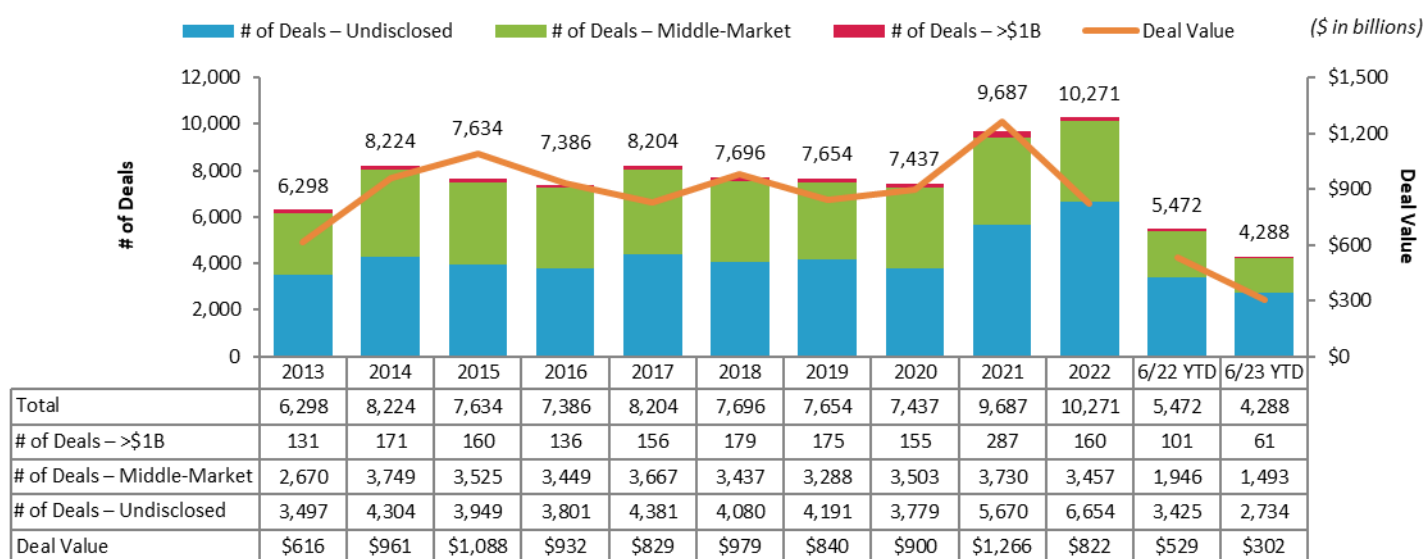
M&A Market Highlights by Country

- In the U.K. (Europe's largest M&A market), the H1 2023 deal total declined 18%, and dollar value dropped 53%. Regarding cross-border M&A involving companies based in the U.K., outbound M&A was down 20%, and inbound activity fell 19%.
- In Germany's M&A market, the 26% fall-off in the number of deals during H1 2023 reflected substantial declines in cross-border and domestic activity. M&A deal value for the first half of the year was down 8%.

Economic Updates

- The composite PMI for euro zone activity showed moderating expansion during Q2, with an 11-month high in April followed by decelerating growth in May and minor contraction in June, when a deeper downturn in manufacturing dragged down the index.
- In the U.K., the services PMI showed significant growth in each month of Q2, benefiting from increases for new order volumes and export sales; however, the U.K.'s manufacturing PMI again demonstrated contraction during Q2, with business optimism falling to a six-month low in June.
- The Economic Sentiment Indicator of the European Union in June remained below the historical average in falling to an eight-month low on further declines for confidence in industry, construction, services, and retail trade.
- The European Central Bank raised its benchmark interest rate by a combined 50 bps during Q2, including 25 bps in its June meeting, in a continued effort to control inflation. In addition, the Bank of England increased key interest rates by another 75 bps during Q2, with a hike of 50 bps in June.

Europe M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.

Note: Middle-market transactions defined as those with a disclosed value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Europe Middle-Market M&A Deal Statistics

| Number of Deals | | | | Deal Value | | | |
|----------------------------|---------------|--------------|----------------|----------------------------|--------------------|------------------|----------------|
| | 2022 | 2023 | % Change | (\$ in millions) | 2022 | 2023 | % Change |
| Q2 | | | | Q2 | | | |
| <\$100M | 675 | 593 | (12.1%) | <\$100M | \$17,844 | \$12,713 | (28.8%) |
| \$100M-\$499M | 220 | 124 | (43.6%) | \$100M-\$499M | \$45,487 | \$25,648 | (43.6%) |
| \$500M-\$1,000M | 42 | 36 | (14.3%) | \$500M-\$1,000M | \$30,097 | \$25,199 | (16.3%) |
| Total Middle Market | 937 | 753 | (19.6%) | Total Middle Market | \$93,428 | \$63,561 | (32.0%) |
| LTM Quarterly Average | 934 | 751 | (19.6%) | LTM Quarterly Average | \$94,017 | \$61,341 | (34.8%) |
| >\$1,000M | 55 | 41 | (25.5%) | >\$1,000M | \$200,260 | \$141,236 | (29.5%) |
| Undisclosed | 1,666 | 1,214 | (27.1%) | Undisclosed | ** | ** | ** |
| Total | 2,658 | 2,008 | (24.5%) | Total | \$293,688 | \$204,797 | (30.3%) |
| LTM Quarterly Average | 2,584 | 2,272 | (12.1%) | LTM Quarterly Average | \$299,704 | \$148,785 | (50.4%) |
| YTD | | | | YTD | | | |
| <\$100M | 1,434 | 1,199 | (16.4%) | <\$100M | \$37,649 | \$24,799 | (34.1%) |
| \$100M-\$499M | 432 | 238 | (44.9%) | \$100M-\$499M | \$88,033 | \$50,686 | (42.4%) |
| \$500M-\$1,000M | 80 | 56 | (30.0%) | \$500M-\$1,000M | \$56,045 | \$39,534 | (29.5%) |
| Total Middle Market | 1,946 | 1,493 | (23.3%) | Total Middle Market | \$181,728 | \$115,019 | (36.7%) |
| >\$1,000M | 101 | 61 | (39.6%) | >\$1,000M | \$347,686 | \$187,204 | (46.2%) |
| Undisclosed | 3,425 | 2,734 | (20.2%) | Undisclosed | ** | ** | ** |
| Total | 5,472 | 4,288 | (21.6%) | Total | \$529,414 | \$302,223 | (42.9%) |
| LTM | | | | LTM | | | |
| <\$100M | 2,720 | 2,370 | (12.9%) | <\$100M | \$71,378 | \$53,444 | (25.1%) |
| \$100M-\$499M | 836 | 515 | (38.4%) | \$100M-\$499M | \$180,026 | \$110,260 | (38.8%) |
| \$500M-\$1,000M | 181 | 119 | (34.3%) | \$500M-\$1,000M | \$124,666 | \$81,661 | (34.5%) |
| Total Middle Market | 3,737 | 3,004 | (19.6%) | Total Middle Market | \$376,069 | \$245,364 | (34.8%) |
| >\$1,000M | 255 | 120 | (52.9%) | >\$1,000M | \$822,747 | \$349,775 | (57.5%) |
| Undisclosed | 6,343 | 5,963 | (6.0%) | Undisclosed | ** | ** | ** |
| Total | 10,335 | 9,087 | (12.1%) | Total | \$1,198,817 | \$595,139 | (50.4%) |

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD and LTM as of June 30.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

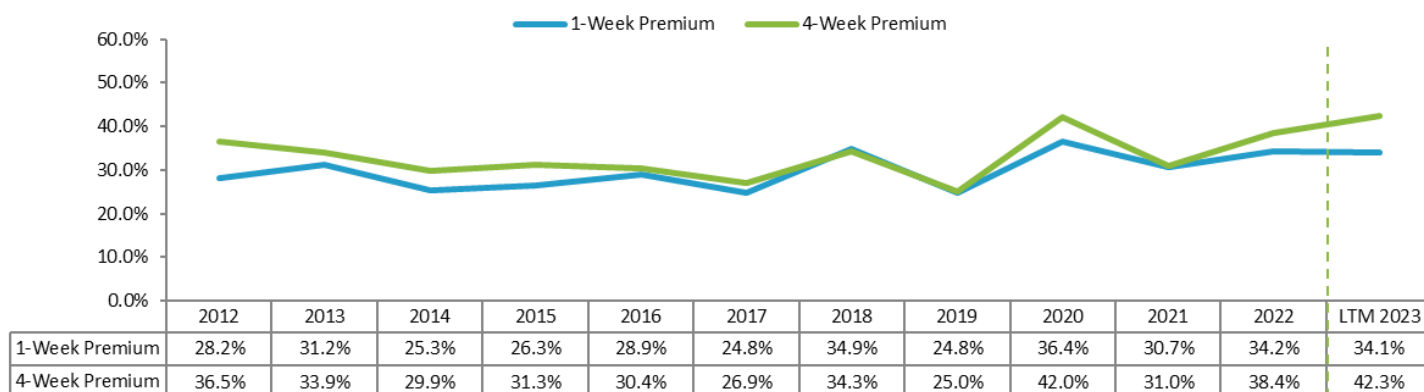
| Europe Middle-Market Enterprise Value to Median EBITDA, EBIT, and Revenue Multiples | | | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Transaction Size | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | LTM 2023 |
| EV/EBITDA | | | | | | | | | | | |
| <\$100M | 6.7x | 7.8x | 7.5x | 7.4x | 7.3x | 7.7x | 7.6x | 7.5x | 7.5x | 7.3x | 7.2x |
| \$100M-\$499M | 8.3x | 9.3x | 9.8x | 10.0x | 10.9x | 9.9x | 11.2x | 10.3x | 10.1x | 11.0x | 10.6x |
| \$500M-\$1B | 9.4x | 9.6x | 10.6x | 10.1x | 11.1x | 11.0x | 11.1x | 9.7x | 11.2x | 10.6x | 12.2x |
| Middle-Market | 7.5x | 8.2x | 8.6x | 8.2x | 8.4x | 8.4x | 8.6x | 8.1x | 8.6x | 8.0x | 7.7x |
| EV/EBIT | | | | | | | | | | | |
| <\$100M | 7.8x | 9.4x | 9.3x | 8.7x | 9.0x | 9.5x | 8.9x | 10.0x | 7.9x | 8.3x | 8.1x |
| \$100M-\$499M | 12.0x | 12.4x | 13.5x | 13.0x | 12.5x | 12.6x | 14.2x | 12.7x | 14.8x | 14.3x | 14.1x |
| \$500M-\$1B | 12.0x | 12.7x | 15.5x | 12.7x | 19.5x | 13.5x | 11.8x | 14.2x | 15.3x | 16.2x | 14.3x |
| Middle-Market | 10.0x | 10.6x | 11.4x | 11.5x | 10.2x | 11.2x | 11.0x | 10.4x | 9.5x | 10.6x | 10.1x |
| EV/Revenue | | | | | | | | | | | |
| <\$100M | 0.73x | 0.87x | 0.93x | 0.87x | 0.87x | 0.99x | 0.91x | 1.00x | 1.22x | 0.99x | 0.98x |
| \$100M-\$499M | 1.33x | 1.34x | 1.34x | 1.26x | 1.27x | 1.25x | 1.64x | 1.16x | 1.50x | 1.39x | 1.17x |
| \$500M-\$1B | 1.60x | 1.30x | 1.41x | 2.20x | 1.50x | 1.35x | 1.97x | 1.84x | 1.60x | 1.97x | 1.79x |
| Middle-Market | 0.92x | 0.98x | 1.00x | 0.98x | 0.95x | 1.06x | 1.03x | 1.08x | 1.27x | 1.08x | 1.07x |

Source: Capital IQ and Robert W. Baird & Co. Incorporated M&A Market Analysis. Median multiples are calculated using deals for which meaningful data is available.

LTM as of June 30. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

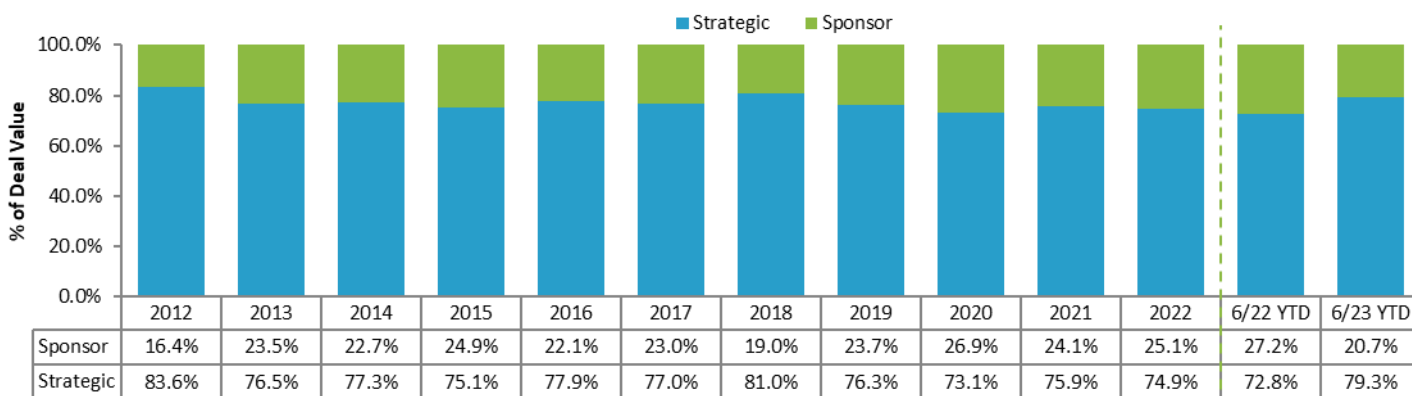
Europe Middle-Market M&A Deal Statistics

Europe Middle-Market Median Acquisition Premiums



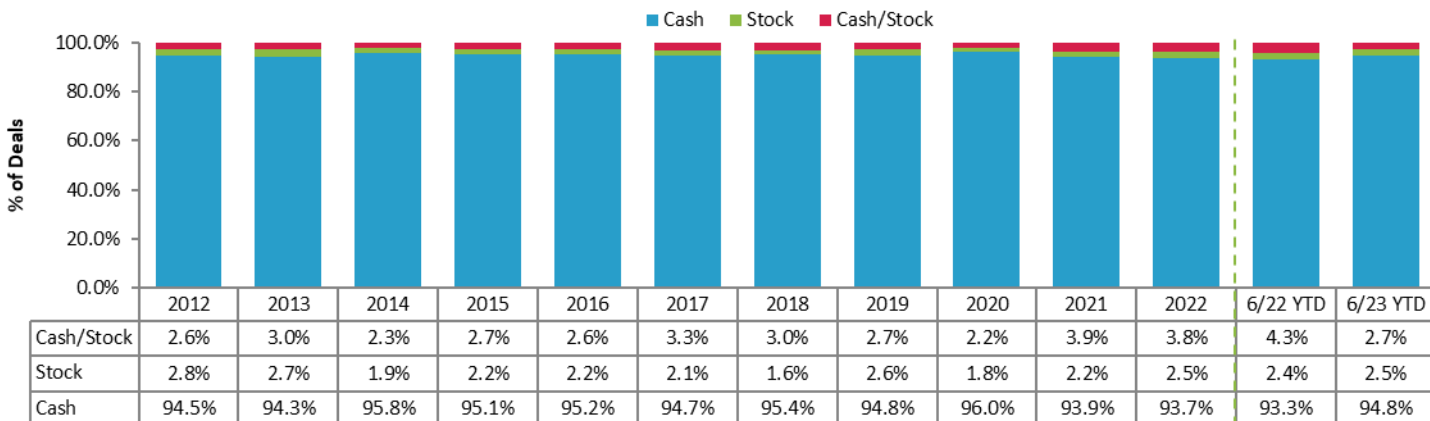
Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of June 30.
 Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Europe Middle-Market Transaction Composition – Strategic vs. Sponsor Deal Value



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.
 Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

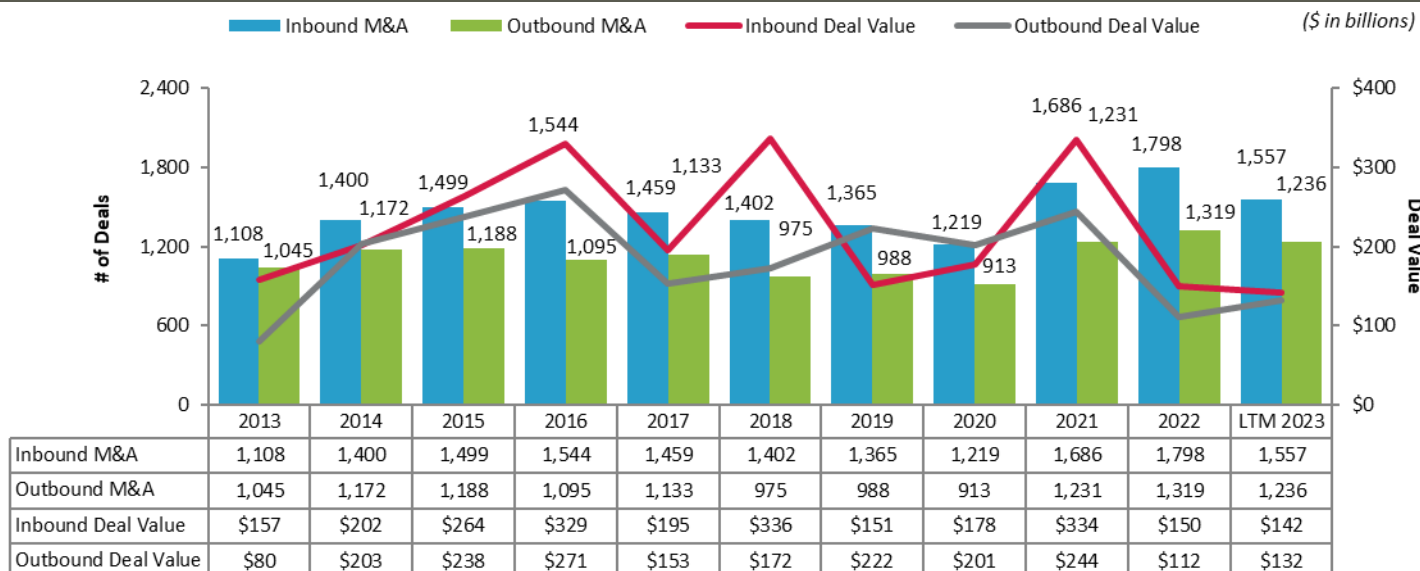
Europe Middle-Market M&A Payment Method by Number of Deals



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.
 Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Europe Cross-Border M&A Activity

Europe – Inbound and Outbound M&A



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of June 30.

Note: Inbound M&A represents European target/non-European acquiror; Outbound M&A represents non-European target/European acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

| Top 10 European Target Countries Acquired by Non-European Companies – YTD | | Top 10 European Target Industries Acquired by Non-European Companies – YTD | |
|---|------------|--|------------|
| Country | # of Deals | Industry | # of Deals |
| 1. United Kingdom | 268 | 1. Technology | 247 |
| 2. Germany | 88 | 2. Professional Services | 94 |
| 3. France | 48 | 3. Healthcare | 62 |
| 4. Italy | 41 | 4. Finance | 33 |
| 5. Netherlands | 40 | 5. Utility & Energy | 27 |
| 6. Spain | 35 | 6. Machinery | 25 |
| 7. Sweden | 32 | 7. Chemicals | 22 |
| 8. Switzerland | 28 | 7. Insurance | 22 |
| 9. Ireland | 27 | 7. Transportation | 22 |
| 10. Norway | 20 | 10. Construction/Building | 20 |

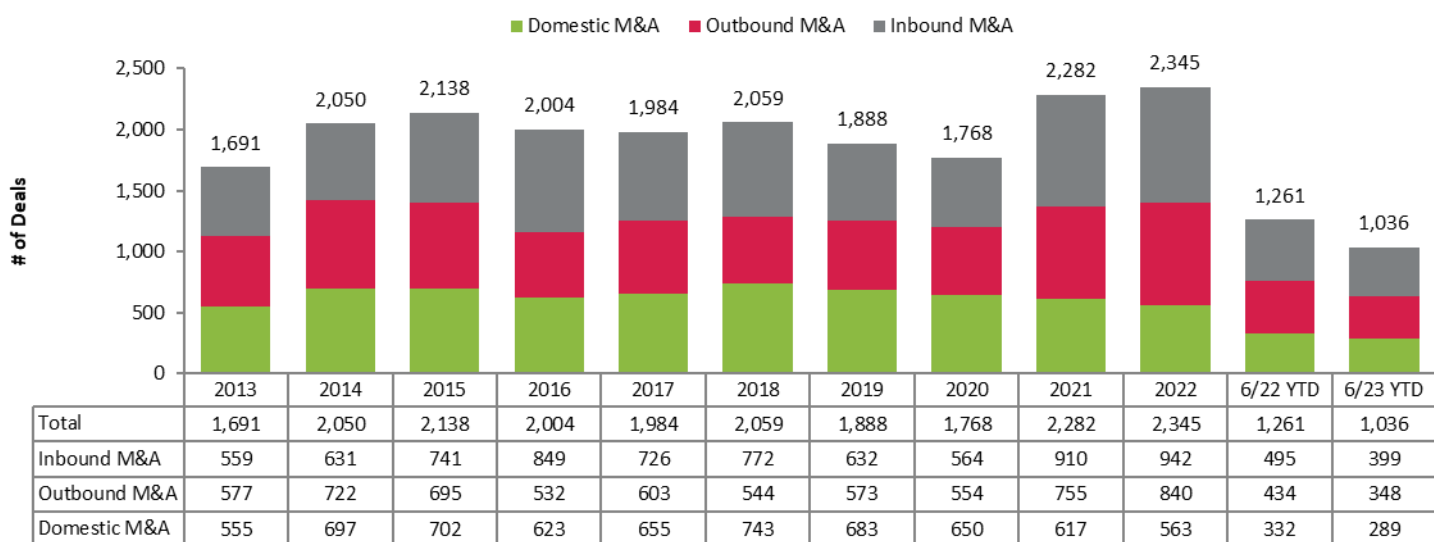
| Top 10 Non-European Target Countries Acquired by European Companies – YTD | | Top 10 Non-European Target Industries Acquired by European Companies – YTD | |
|---|------------|--|------------|
| Country | # of Deals | Industry | # of Deals |
| 1. United States | 267 | 1. Technology | 155 |
| 2. Canada | 64 | 2. Professional Services | 82 |
| 3. Australia | 48 | 3. Healthcare | 52 |
| 4. Brazil | 36 | 4. Construction/Building | 42 |
| 5. India | 25 | 5. Utility & Energy | 32 |
| 6. China | 14 | 6. Chemicals | 29 |
| 7. Singapore | 13 | 7. Machinery | 28 |
| 8. South Africa | 12 | 8. Transportation | 25 |
| 9. Israel | 11 | 9. Consumer Products | 21 |
| 9. United Arab Emirates | 11 | 10. Publishing | 8 |

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.K. Cross-Border M&A Activity

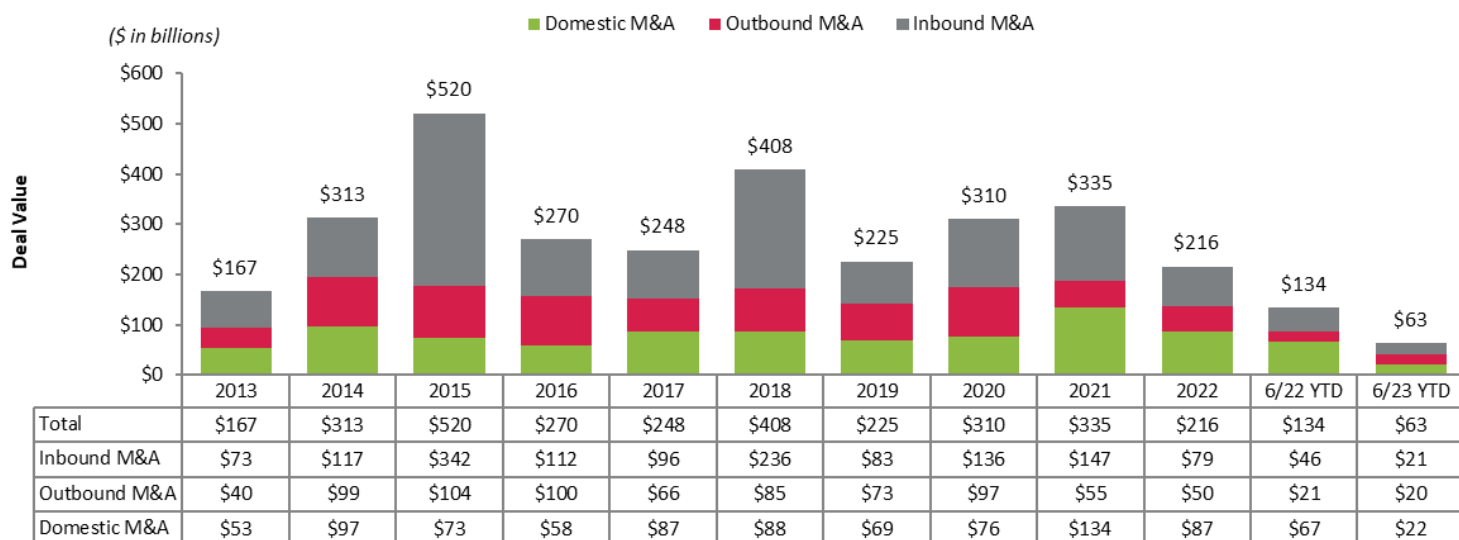
U.K. Number of Deals (Domestic/Outbound/Inbound)



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.

Note: Domestic M&A represents U.K. target/U.K. acquiror; Outbound M&A represents non-U.K. target/U.K. acquiror; Inbound M&A represents U.K. target/non-U.K. acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.K. Deal Value (Domestic/Outbound/Inbound)

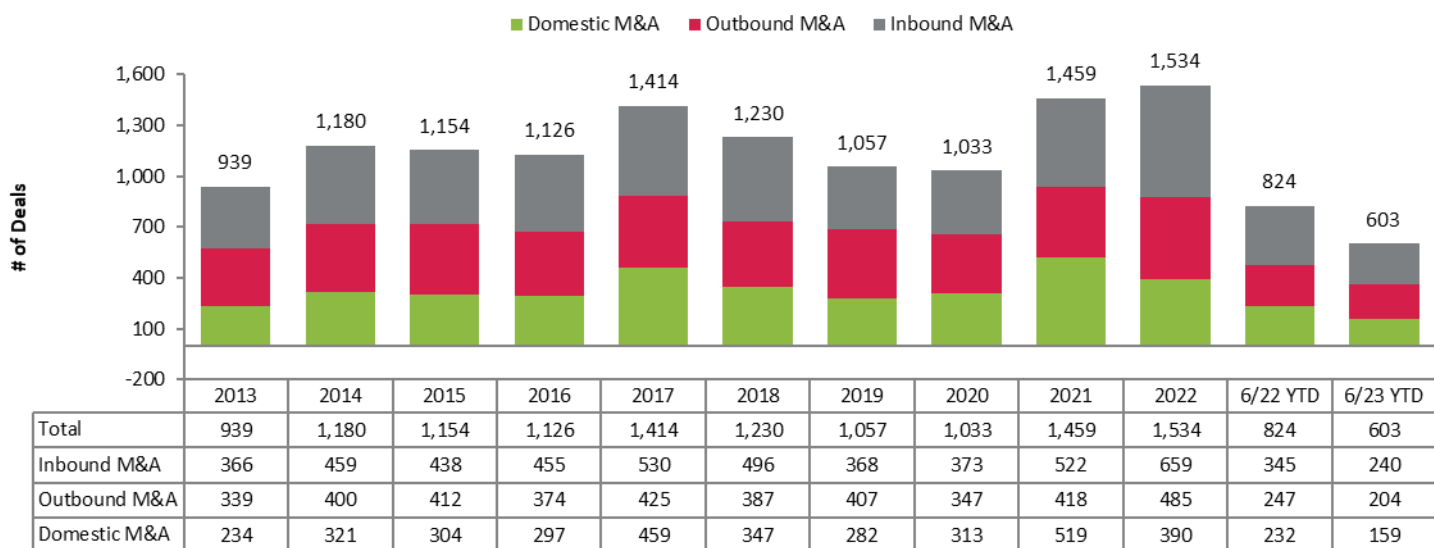


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.

Note: Domestic M&A represents U.K. target/U.K. acquiror; Outbound M&A represents non-U.K. target/U.K. acquiror; Inbound M&A represents U.K. target/non-U.K. acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Germany Cross-Border M&A Activity

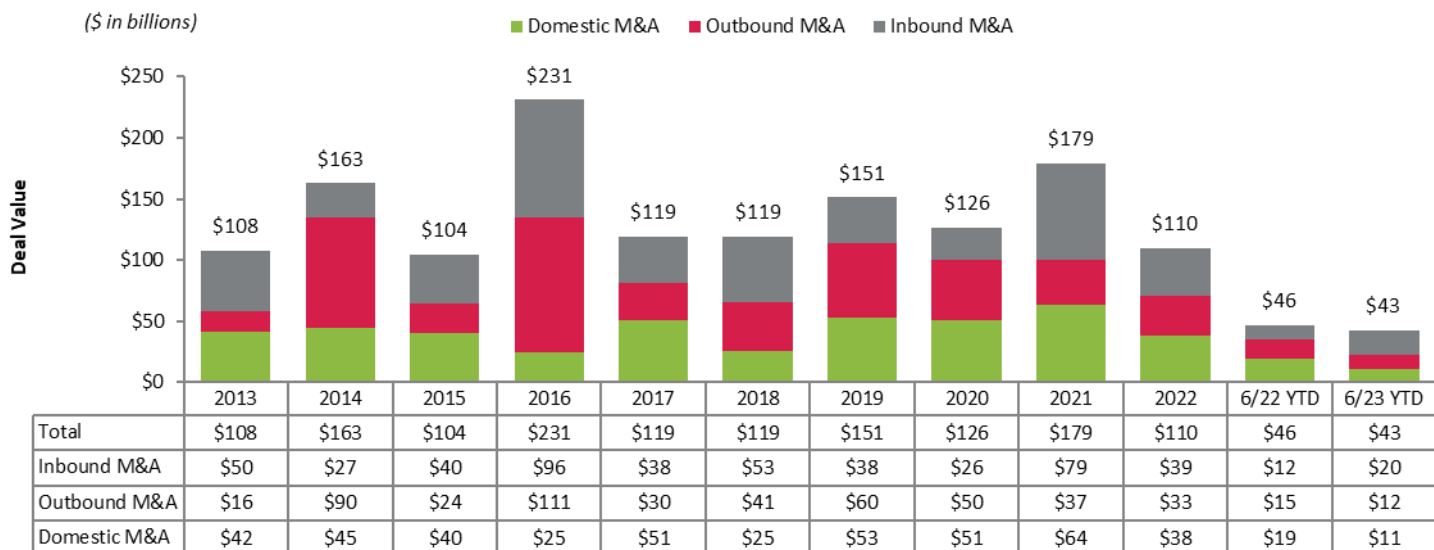
Germany Number of Deals (Domestic/Outbound/Inbound)



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.

Note: Domestic M&A represents Germany target/Germany acquiror; Outbound M&A represents non-Germany target/Germany acquiror; Inbound M&A represents Germany target/non-Germany acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Germany Deal Value (Domestic/Outbound/Inbound)



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.

Note: Domestic M&A represents Germany target/Germany acquiror; Outbound M&A represents non-Germany target/Germany acquiror; Inbound M&A represents Germany target/non-Germany acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Asia M&A Commentary

Asia M&A Market Data

- During Q2, the M&A transaction count for Asia (ex. Japan) declined 26%, and disclosed dollar value fell 57%.
- The number of deals announced in Q2 was 8% below the Q1 total, whereas reported deal value for the second quarter increased 45% from the 11-quarter low of Q1.
- In the first half of 2023, the deal count was down 25%, and deal value decreased 60%.
- In the middle market, the Q2 2023 transaction total for Asia (ex. Japan) dropped 27%, and deal value contracted 36%.

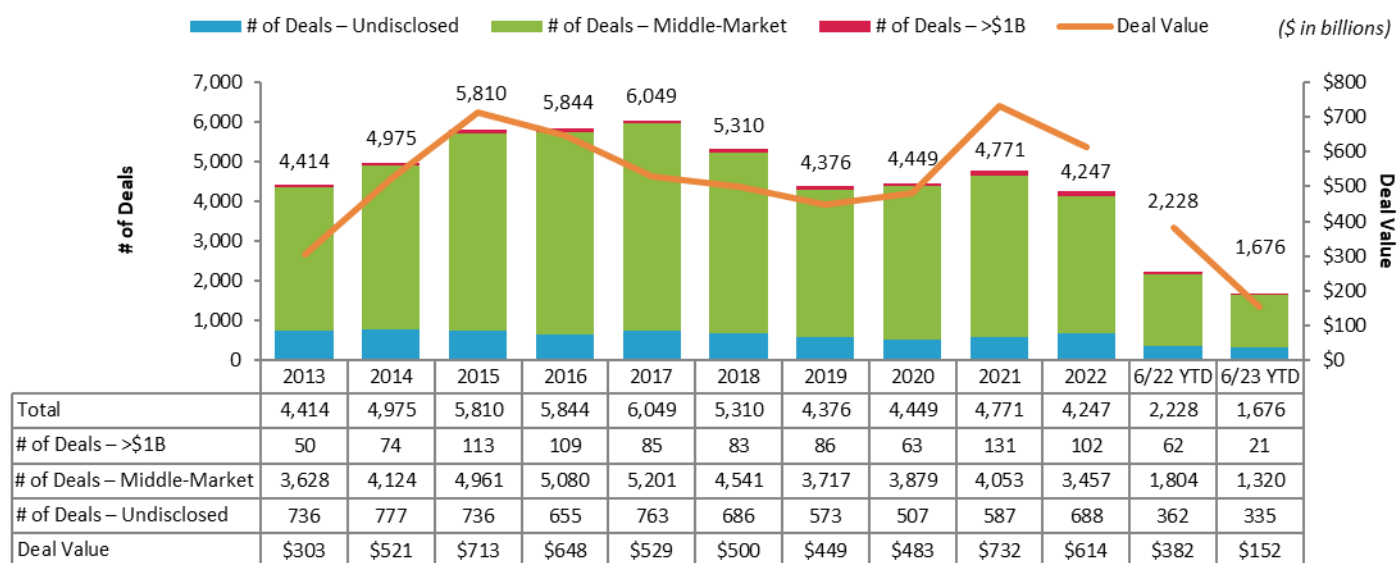
M&A Market Highlights by Country

- In H1 2023, the deal count for China declined 20%, and deal value fell 41%.
- In YTD 2023 through June, China's cross-border M&A decreased by more than domestic activity.
- H1 2023 results for India included the transaction count declining 31% and deal value falling 84%.
- Year-to-date M&A metrics were mixed for Japan, where the deal count was down 15% while dollar value increased 6%.
- After the number of outbound M&A transactions from Japan rebounded modestly in 2022 from an 11-year low in 2021, the outbound deal count dropped 20% in H1 2023.

Economic Updates

- China's official manufacturing PMI for June indicated slight contraction for the third straight month, as the post-COVID recovery appears to have lost momentum. China's Caixin PMI survey of smaller manufacturers showed modest growth in May and June following minor contraction in April.
- While continuing to indicate growth, China's official non-manufacturing PMI decelerated throughout Q2, with June posting the lowest mark in six months after the lifting of COVID-related restrictions fueled a 12-year high in March.
- China's exports in June fell 12%, which represented the largest year-over-year decline since the early stages of COVID.
- China reported Q2 GDP growth of 6.3%, which exceeded reported expansion of 4.5% in Q1 and its 2023 target of "around 5%."
- For Japan, PMI indicators were mixed in Q2, including a dip from May to June, which experienced strength in services along with modest contraction in manufacturing.

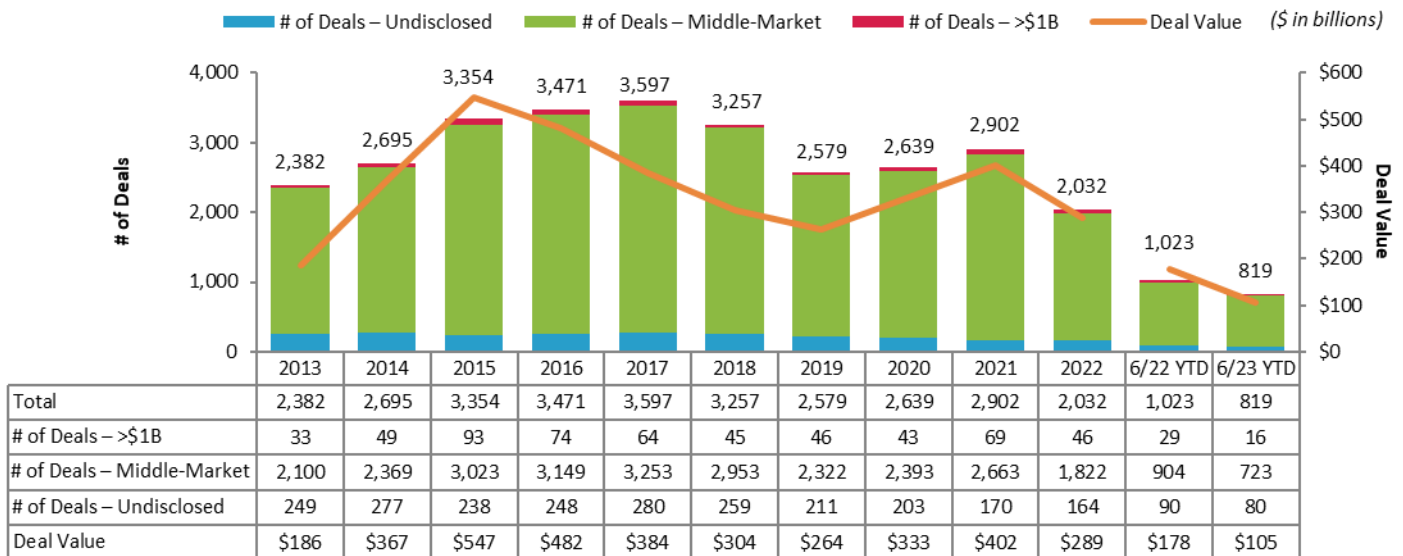
Asia (ex. Japan) M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.
 Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

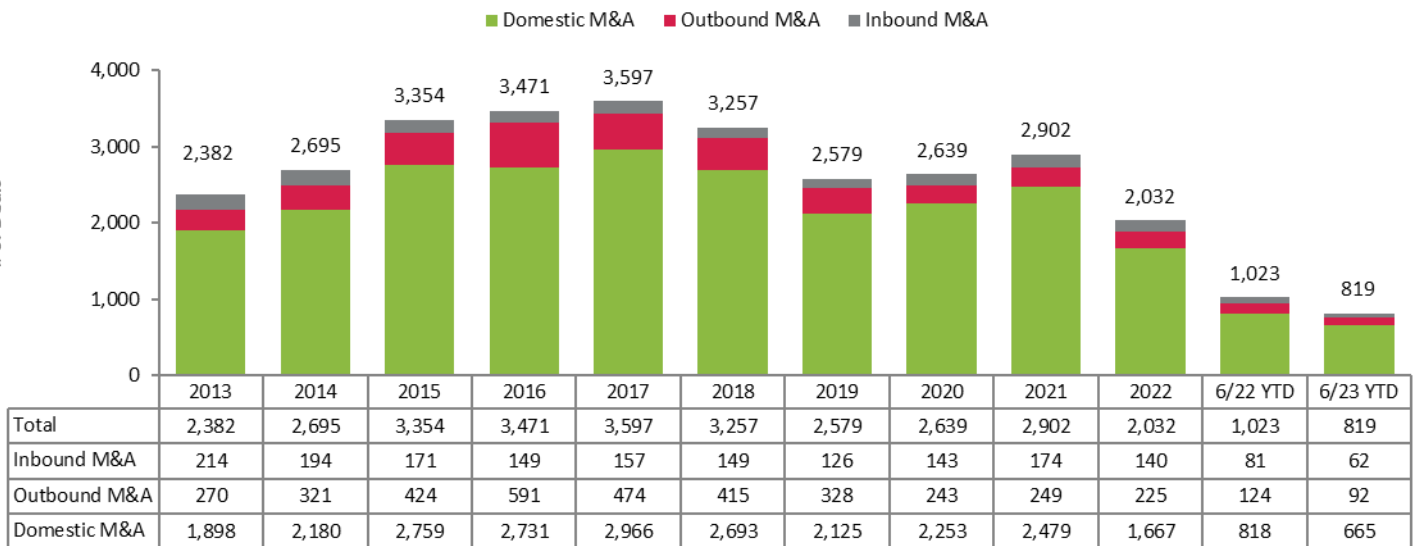
China M&A Activity

China M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.
 Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

China Number of Deals (Domestic/Outbound/Inbound)



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.
 Note: Domestic M&A represents China target/China acquiror; Outbound M&A represents non-China target/China acquiror; Inbound M&A represents China target/non-China acquiror.
 Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

China M&A Deal Statistics

| China Number of Deals | | | | | | | | |
|-----------------------|--------------|--------------|------------|------------|------------|------------|--------------|--------------|
| | Domestic | | Outbound | | Inbound | | Total | |
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| Q2 | | | | | | | | |
| Middle Market | 371 | 348 | 32 | 27 | 26 | 11 | 429 | 386 |
| >\$1B | 10 | 5 | 1 | 3 | 3 | 0 | 14 | 8 |
| Undisclosed | 8 | 4 | 23 | 14 | 11 | 13 | 42 | 31 |
| Total | 389 | 357 | 56 | 44 | 40 | 24 | 485 | 425 |
| YTD | | | | | | | | |
| Middle Market | 778 | 640 | 78 | 54 | 48 | 29 | 904 | 723 |
| >\$1B | 21 | 8 | 1 | 5 | 7 | 3 | 29 | 16 |
| Undisclosed | 19 | 17 | 45 | 33 | 26 | 30 | 90 | 80 |
| Total | 818 | 665 | 124 | 92 | 81 | 62 | 1,023 | 819 |
| LTM | | | | | | | | |
| Middle Market | 1,951 | 1,467 | 166 | 109 | 109 | 65 | 2,226 | 1,641 |
| >\$1B | 57 | 19 | 5 | 9 | 13 | 5 | 75 | 33 |
| Undisclosed | 36 | 28 | 90 | 75 | 57 | 51 | 183 | 154 |
| Total | 2,044 | 1,514 | 261 | 193 | 179 | 121 | 2,484 | 1,828 |

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD and LTM as of June 30.

Note: Domestic M&A represents China target/China acquiror; Outbound M&A represents non-China target/China acquiror; Inbound M&A represents China target/non-China acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

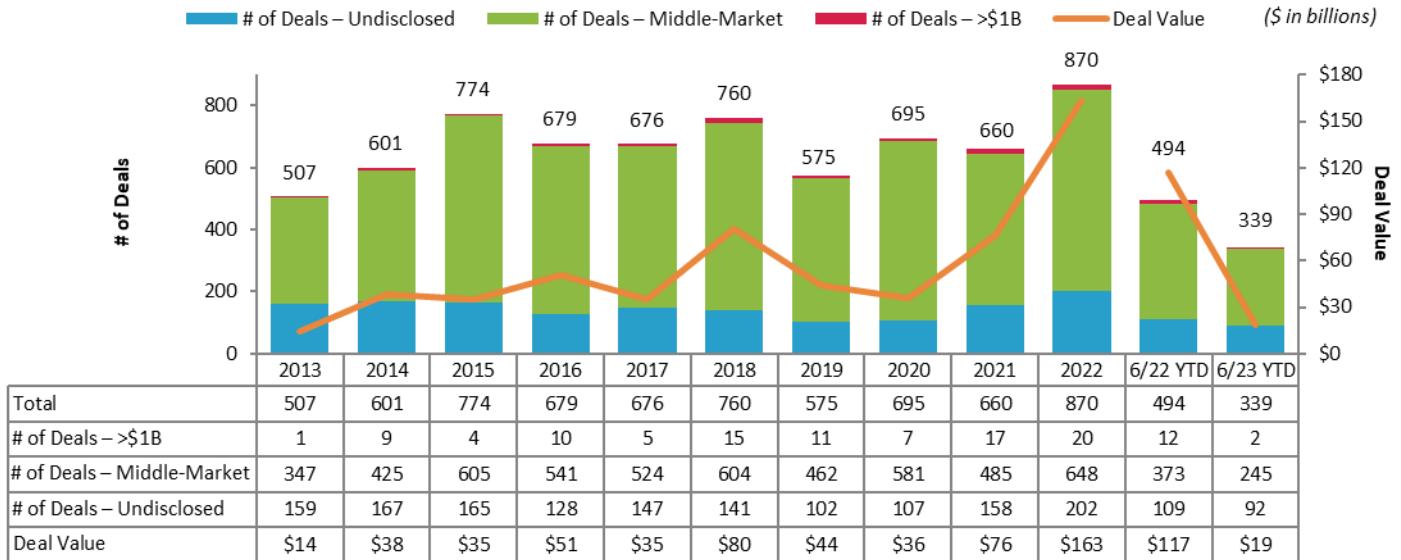
| China Deal Value | | | | | | | | |
|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| (\$ in millions) | Domestic | | Outbound | | Inbound | | Total | |
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| Q1 | | | | | | | | |
| Middle Market | \$30,687 | \$22,750 | \$3,501 | \$1,994 | \$2,325 | \$1,605 | \$36,513 | \$26,348 |
| >\$1B | \$21,267 | \$14,156 | \$2,039 | \$27,426 | \$9,267 | \$0 | \$32,573 | \$41,581 |
| Total | \$51,953 | \$36,906 | \$5,540 | \$29,419 | \$11,592 | \$1,605 | \$69,085 | \$67,930 |
| YTD | | | | | | | | |
| Middle Market | \$63,120 | \$40,137 | \$6,615 | \$4,680 | \$5,009 | \$3,814 | \$74,744 | \$48,631 |
| >\$1B | \$78,372 | \$18,504 | \$2,039 | \$30,003 | \$22,536 | \$7,953 | \$102,948 | \$56,461 |
| Total | \$141,492 | \$58,642 | \$8,654 | \$34,684 | \$27,546 | \$11,767 | \$177,691 | \$105,092 |
| LTM | | | | | | | | |
| Middle Market | \$159,555 | \$106,246 | \$15,842 | \$11,719 | \$14,821 | \$7,638 | \$190,218 | \$125,604 |
| >\$1B | \$164,125 | \$42,244 | \$13,467 | \$37,997 | \$40,837 | \$10,553 | \$218,429 | \$90,793 |
| Total | \$323,680 | \$148,490 | \$29,309 | \$49,716 | \$55,658 | \$18,191 | \$408,647 | \$216,397 |

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD and LTM as of June 30.

Note: Domestic M&A represents China target/China acquiror; Outbound M&A represents non-China target/China acquiror; Inbound M&A represents China target/non-China acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

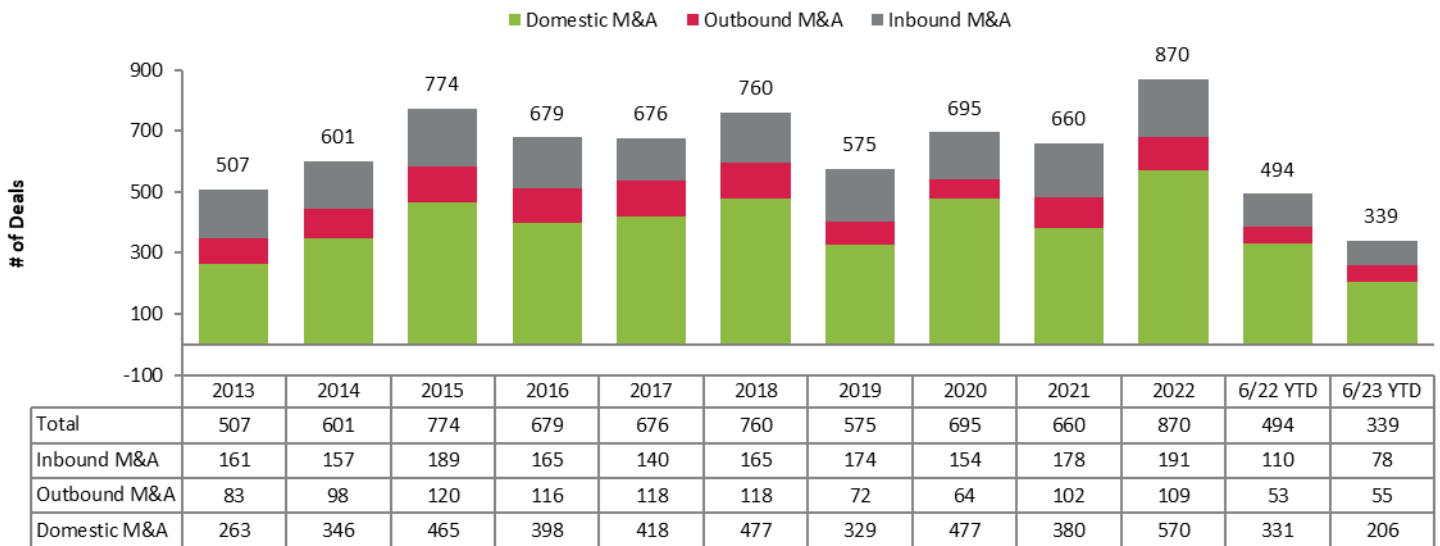
India M&A Activity

India M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.
 Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

India Number of Deals (Domestic, Outbound, Inbound)



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.
 Note: Domestic M&A represents India target/India acquirer; Outbound M&A represents non-India target/India acquirer; Inbound M&A represents India target/non-India acquirer. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

India M&A Deal Statistics

| India Number of Deals | | | | | | | | |
|-----------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Domestic | | Outbound | | Inbound | | Total | |
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| Q1 | | | | | | | | |
| Middle Market | 146 | 78 | 17 | 11 | 29 | 20 | 192 | 109 |
| >\$1B | 6 | 1 | 0 | 0 | 2 | 1 | 8 | 2 |
| Undisclosed | 16 | 11 | 8 | 18 | 23 | 17 | 47 | 46 |
| Total | 168 | 90 | 25 | 29 | 54 | 38 | 247 | 157 |
| YTD | | | | | | | | |
| Middle Market | 290 | 180 | 29 | 26 | 54 | 39 | 373 | 245 |
| >\$1B | 9 | 1 | 1 | 0 | 2 | 1 | 12 | 2 |
| Undisclosed | 32 | 25 | 23 | 29 | 54 | 38 | 109 | 92 |
| Total | 331 | 206 | 53 | 55 | 110 | 78 | 494 | 339 |
| LTM | | | | | | | | |
| Middle Market | 476 | 389 | 72 | 53 | 119 | 78 | 667 | 520 |
| >\$1B | 15 | 8 | 1 | 1 | 4 | 1 | 20 | 10 |
| Undisclosed | 58 | 48 | 42 | 57 | 93 | 80 | 193 | 185 |
| Total | 549 | 445 | 115 | 111 | 216 | 159 | 880 | 715 |

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD and LTM as of June 30.

Note: Domestic M&A represents India target/India acquiror; Outbound M&A represents non- India target/India acquiror; Inbound M&A represents India target/non-India acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

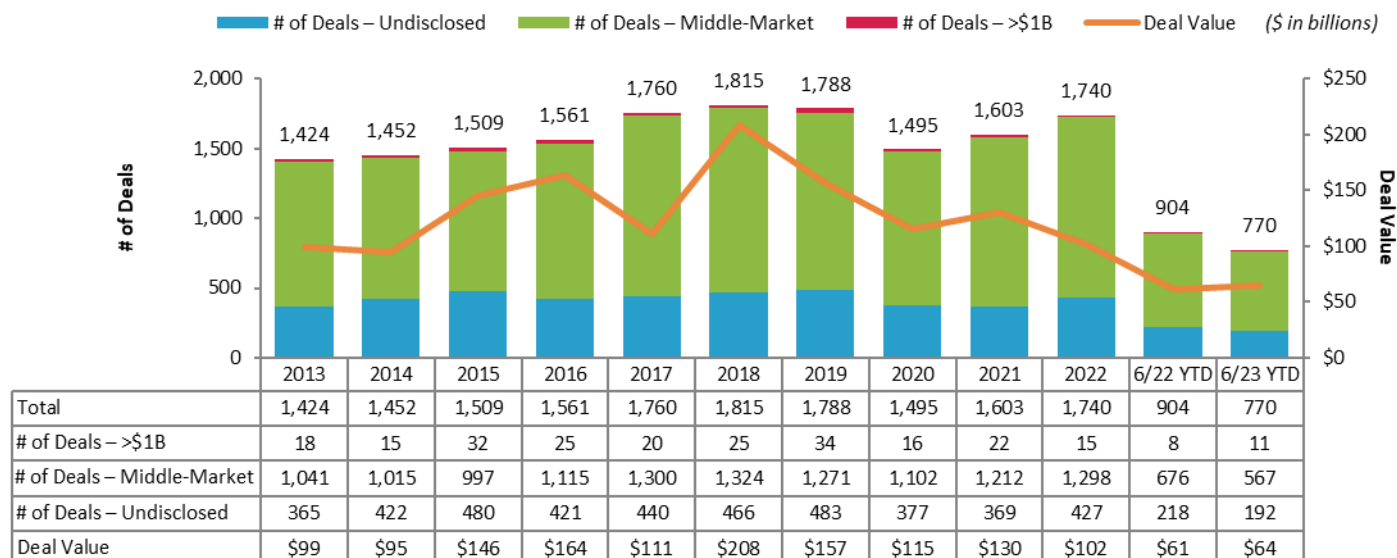
| India Deal Value | | | | | | | | |
|------------------|------------------|-----------------|----------------|----------------|-----------------|----------------|------------------|-----------------|
| (\$ in millions) | Domestic | | Outbound | | Inbound | | Total | |
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| Q1 | | | | | | | | |
| Middle Market | \$7,158 | \$5,523 | \$1,708 | \$532 | \$1,601 | \$1,403 | \$10,466 | \$7,459 |
| >\$1B | \$85,294 | \$1,106 | \$0 | \$0 | \$2,657 | \$1,306 | \$87,951 | \$2,411 |
| Total | \$92,452 | \$6,629 | \$1,708 | \$532 | \$4,258 | \$2,709 | \$98,417 | \$9,870 |
| YTD | | | | | | | | |
| Middle Market | \$15,155 | \$11,271 | \$2,714 | \$2,495 | \$2,612 | \$2,413 | \$20,481 | \$16,179 |
| >\$1B | \$90,081 | \$1,106 | \$3,335 | \$0 | \$2,657 | \$1,306 | \$96,073 | \$2,411 |
| Total | \$105,237 | \$12,377 | \$6,049 | \$2,495 | \$5,269 | \$3,719 | \$116,554 | \$18,590 |
| LTM | | | | | | | | |
| Middle Market | \$25,305 | \$24,411 | \$6,519 | \$3,682 | \$8,274 | \$5,317 | \$40,099 | \$33,410 |
| >\$1B | \$101,341 | \$29,299 | \$3,335 | \$1,177 | \$5,709 | \$1,306 | \$110,385 | \$31,781 |
| Total | \$126,646 | \$53,710 | \$9,854 | \$4,859 | \$13,983 | \$6,622 | \$150,484 | \$65,191 |

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD and LTM as of June 30.

Note: Domestic M&A represents India target/India acquiror; Outbound M&A represents non- India target/India acquiror; Inbound M&A represents India target/non-India acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Japan M&A Activity

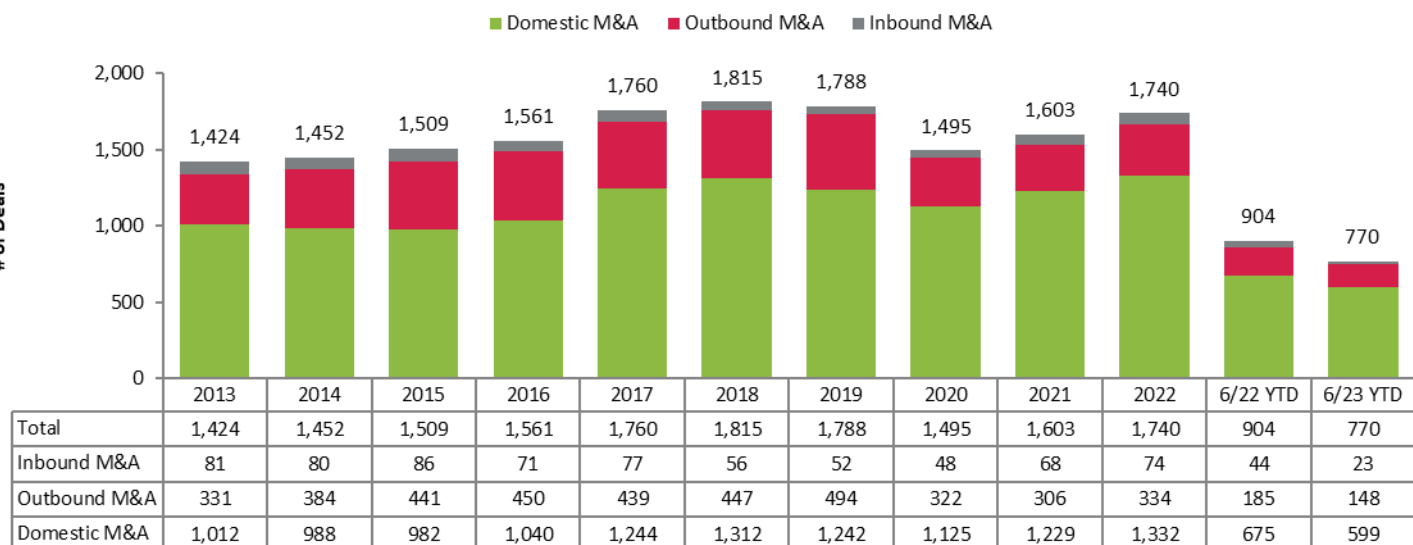
Japan M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Japan Number of Deals (Domestic/Outbound/Inbound)



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of June 30.

Note: Domestic M&A represents Japan target/Japan acquiror; Outbound M&A represents non-Japan target/Japan acquiror; Inbound M&A represents Japan target/non-Japan acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Recent Baird M&A Transactions

| Date Announced | Baird Client | Client Description | Transaction Description | Deal Value (\$mil) | Industry |
|----------------|--|---|--|--------------------|---------------------------|
| 7/10/23 | Concentric, LLC [OnPoint Group] | Provider of DC power management and maintenance | Sale to Mitsubishi Heavy Industries, Ltd. | *** | Technology and Services |
| 6/30/23 | Golden Gate Capital | Private equity firm | Acquisition of DMC Power | *** | Industrial |
| 6/30/23 | LaForce, LLC | Provider of door opening products | Sale to DNS Capital and LaForce senior management | ** | Industrial |
| 6/27/23 | ARAG Group | Provider of control systems and smart components for sprayers | Sale to Nordson Corporation | €960.0* | Industrial |
| 6/13/23 | Aden & Anais, Inc. | Provider of infant and juvenile products | Sale to Transom Capital Group | ** | Consumer |
| 5/24/23 | XOR Security | Provider of pure-play services and cybersecurity platforms | Sale to Agile Defense | ** | Technology and Services |
| 5/18/23 | FastMed Urgent Care | Provider of immediate medical attention for injuries and illnesses | Sale of 41 Texas urgent care centers to HCA Healthcare, Inc. | *** | Healthcare |
| 5/15/23 | Industrial Physics Holdings, LLC | Provider of material and product integrity testing and inspection | Sale to KKR | *** | Industrial |
| 5/4/23 | Mr Greens | Provider of fresh produce | Sale to Sterling Investment Partners | ** | Industrial and Consumer |
| 5/2/23 | KKR | Private equity firm | Acquisition of CoolIT Systems | *** | Industrial |
| 5/1/23 | ASPEQ Heating Group | Provider of electric heating and thermal management products | Sale to SPX Technologies | \$418.0 | Industrial |
| 5/1/23 | Allstar Holdings (Allstar Services and RowCal) | Provider of exterior services to single and multi-family residences | Sale to Morgan Stanley Capital Partners | ** | Technology and Services |
| 4/27/23 | Distrelec Group | Provider of electronics, automation and measurement technology | Sale to RS Group Plc | €365.0 | Industrial |
| 4/26/23 | Lion Brothers | Provider of apparel brand identity systems | Sale to Avery Dennison Corporation | ** | Consumer |
| 4/18/23 | Maltego Technologies GmbH | Provider of cybersecurity software | Sale to Charlesbank Capital Partners Technology Fund | ** | Technologies and Services |
| 4/14/23 | Shearer Supply, LLC | Provider of HVAC products | Sale to Investcorp | ** | Industrial |
| 4/10/23 | n2y LLC | Provider of online curriculum and special education materials | Sale to Five Arrows Long Term Fund and Five Arrows Principal Investments | *** | Technology and Services |
| 4/3/23 | ECM Industries, LLC | Provider of branded tools and electrical consumables | Sale to nVent Electric plc | \$1,100* | Industrial |
| 3/30/23 | Loftware | Provider of enterprise labeling and artwork management | Significant equity investment from Accel-KKR | ** | Technology and Services |
| 3/16/23 | All Aboard America! Holdings | Provider of contract and charter passenger transportation services | Sale to Kelsian Group | \$325.0* | Technology and Services |
| 2/21/23 | GL Education | Provider of high-stakes formative assessment solutions | Sale to Renaissance Learning, Inc. | ** | Technology and Services |
| 2/8/23 | ImageTrend, Inc. | Provider of software solutions, data analytics, and services for healthcare | Strategic growth investment from Welsh, Carson, Anderson & Stowe | ** | Healthcare |
| 2/2/23 | CEME S.p.A | Provider of solenoid pumps, rotary pumps, and solenoid valves | Acquisition of the Procon Products business of Standex International Corporation | \$75.0 | Industrial |
| 2/1/23 | Apex Companies | Provider of services to assess, prevent, and cure environmental issues | Sale to Morgan Stanley Capital Partners | ** | Technology and Services |
| 1/31/23 | FloWorks International, LLC | Provider of a specialty flow control solutions platform | Sale to Wynnchurch Capital, L.P. | ** | Industrial |
| 1/31/23 | GLO Healthcare | Provider of diagnostic testing and innovative therapies for diseases | Acquisition of Calyx | ** | Healthcare |
| 1/30/23 | Evriholder Products | Provider of household, kitchen, and personal care products | Sale to Kainos Capital | ** | Consumer |
| 1/27/23 | Permira Advisers Ltd. | Private equity firm | Acquisition of Acuity Knowledge Partners | *** | Technology and Services |

Source: Robert W. Baird & Co. Incorporated M&A Market Analysis.

* Announced and pending transactions with disclosed value; **Closed transactions with undisclosed value; *** Announced and pending transactions with undisclosed value.

Recent Baird M&A Transactions

| Date Announced | Baird Client | Client Description | Transaction Description | Deal Value (\$mil) | Industry |
|----------------|-----------------------------------|--|---|--------------------|-------------------------|
| 1/26/23 | REDLattice, Inc. | Provider of cyber research, machine learning, open-source architectures, and unique logistics challenges | Strategic growth investment from AE Industrial Partners, LP | ** | Technology and Services |
| 1/24/23 | Storage Solutions, LLC | Provider of storage and material handling solutions for warehouses | Sale to Jungheinrich AG | ** | Industrial |
| 1/12/23 | Inflexion | Private equity firm | Minority investment into Proteros Biostructures GmbH | ** | Healthcare |
| 1/11/23 | Unio Health Partners | Provider of a physician services platform | Acquisition of inSite Digestive Health Care | ** | Healthcare |
| 1/6/23 | Heytex Group | Provider of coated, calendered, and laminated textiles | Sale to Bencis Capital Partners B.V. | ** | Industrial |
| 12/31/22 | Harmar Mobility | Provider of mobility and accessibility solutions | Sale to Halifax Group | ** | Healthcare |
| 12/30/22 | Malpack Ltd. and Malpack Corp. | Provider of hand, machine, and specialty films for packaging | Sale to Trioworld Group | *** | Industrial |
| 12/20/22 | The Jordan Company, L.P. | Private equity firm | Acquisition of The Industrial Service Group | ** | Industrial |
| 12/13/22 | Vittoria S.p.A. | Provider of premium bicycle tires | Sale of majority stake to Telemos Capital | *** | Consumer |
| 12/12/22 | Grove Resource Solutions, Inc. | Provider of technology and engineering services | Sale to DLH Holdings Corp. | \$185.0 | Technology and Services |
| 12/8/22 | BV Investment Partners, LP | Private equity firm | Significant growth-oriented investment in Imagenet, LLC | ** | Healthcare |
| 12/8/22 | Ruppert Landscape, Inc. | Provider of landscape construction and management services | Sale to Knox Lane | ** | Technology and Services |
| 12/8/22 | Octo | Provider of technology services to government entities | Sale to IBM | ** | Technology and Services |
| 11/22/22 | Frontier Waste Holdings | Provider of municipal solid waste services | Sale to Concentric Equity Partners and Summer Street Capital Partners | ** | Technology and Services |
| 11/17/22 | L2 Brands, LLC | Provider of custom-logo apparel, headwear, and home décor | Sale to Sentinel Capital Partners, LLC | ** | Consumer |
| 11/10/22 | Lee Container Corporation, Inc. | Provider of containers, packaging solutions, and fluorination services | Sale to Greif, Inc. | \$300.0 | Industrial |
| 11/10/22 | GTCR | Private equity firm | Acquisition of Biocoat Holdings, LLC | ** | Healthcare |
| 11/8/22 | Allied Glass | Provider of bespoke, premium glass packaging containers | Sale to Verallia SA | \$387.0 | Industrial |
| 11/7/22 | Icreon Holdings Inc. | Provider of pure-play digital transformation solutions | Strategic investment from Incline Equity Partners | ** | Technology and Services |
| 11/4/22 | RANDYS Worldwide Automotive, Inc. | Provider of highly engineered components | Majority recapitalization with Greenbriar Equity Group, L.P. | ** | Industrial |
| 11/3/22 | S.i. Systems | Provider of IT staffing services | Sale of majority equity interest to Cornell Capital LLC and TorQuest Partners | ** | Technology and Services |
| 11/3/22 | PSG Global Solutions, LLC | Provider of recruitment process outsourcing (RPO) services | Sale to Teleperformance SE | \$300.0 | Technology and Services |
| 11/2/22 | Taconic Biosciences, Inc. | Provider of mouse and rat-related research tools and services | Sale to Avista Capital Partners | ** | Healthcare |
| 11/1/22 | Specifica Inc. | Developer of antibody discovery technologies | Sale to a leading global CRO | ** | Healthcare |
| 10/31/22 | Symmetry Surgical | Manufacturer and distributor of surgical equipment | Sale to Aspen Surgical | ** | Healthcare |
| 10/24/22 | Ohio Medical, LLC | Provider of medical air and vacuum products | Sale to ESAB Corporation | ** | Healthcare |
| 10/21/22 | Morgan Stanley Capital Partners | Private equity firm | Investment in Emler Swim School | ** | Technology and Services |
| 10/15/22 | Electrical Source Holdings, LLC | Provider of critical power components | Sale to Radwell International, LLC | ** | Industrial |

Source: Robert W. Baird & Co. Incorporated M&A Market Analysis.

* Announced and pending transactions with disclosed value; **Closed transactions with undisclosed value; *** Announced and pending transactions with undisclosed value.

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